

*Government of the District of Columbia
Office of the Chief Financial Officer
Office of Revenue Analysis*

D.C. Tax Facts



Fiscal Year 2004

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MESSAGE FROM THE CFO

The District of Columbia is a single unit of government that provides services that elsewhere are provided by multiple levels of state and local government. Typical local revenue sources used by the District include the property tax, personal property tax, deed transfer and recordation taxes, traffic fines, and a variety of other taxes and fees. D.C. also uses typically state revenue sources, including the individual income tax, the general sales and use tax, motor vehicle license fees, business net income taxes and various excise taxes. The District levies 17 taxes and assesses about 1,800 fees each year. With over \$4.3 billion generated by D.C. taxes and non-tax revenues, our taxpayers are an important investor in the capital city of the United States.

The District's principal local revenue producers are the individual income tax, property taxes, sales tax and gross receipts taxes. Individual income tax is the largest source of tax revenue for the District, providing 24.2 percent of the total local source General Fund revenues for fiscal year 2004. Because the individual income tax is progressive, the rate of increase for income tax revenues is greater than the rate of increase in income subject to the tax. Personal income tax credits include taxes paid to another state, child or dependent care, the earned income-tax credit, DC police first time homebuyer, DC low income, and property tax credit.

The real property tax is the second largest source of tax receipts for the District government, accounting for 22.0 percent of its total local source General Fund revenues in fiscal year 2004. Several property tax relief options are available to eligible property owners. The most widely used is the Homestead Deduction Program. For owner-occupied residences of five units or less, the homestead program provides a \$38,000 deduction from the assessed value (homestead exemption will increase to \$60,000 for tax year 2005). Other property tax relief measures include the Senior Citizen Homestead Tax Relief Program, which allows certain senior citizens a 50 percent reduction in property taxes and a 12 percent cap on annual growth of real property tax liability for homeowners.

The District's third largest revenue producer, the sales and use tax, is based on taxable sales in the District which include most retail items, construction materials, and utilities used by business entities. Construction materials, groceries, non-prescription drugs, and dry cleaning and laundry services are exempted from sales and use tax collections. This tax provided 15.6 percent of the District's fiscal year 2004 local revenue.

Although the District has features of a complete state/local revenue structure, it does not have the mix of economic activity of a typical state or city revenue base. The extensive suburban "ring" found near cities in other states, does not contribute to the District of Columbia and the tax base.

This publication details the various taxes used by the District, in order to enhance citizens' awareness of their tax responsibilities.

Natwar M. Gandhi, Ph.D.
Chief Financial Officer
Government of the District of Columbia

INTRODUCTION

Each year the Office of Revenue Analysis in the Office of the Chief Financial Officer receives numerous requests from citizens, legislators and the general public for statistics relating to District tax collections, tax burdens and tax rates.

D.C. TAX FACTS presents a brief summary of the District's tax structure, tax rates, legal references and other comparative tax data. Tax rates used in this publication are those in effect as of January 1, 2005. More detailed information on these subjects may be obtained through requesting other publications of this office, including: (1) *A Comparison of Tax Rates and Burdens in the Washington Metropolitan Area*, and (2) *Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison*. These publications are available on the Internet at WWW.CFO.DC.GOV.

Questions or requests for copies of publications should be directed to: Office of the Chief Financial Officer, Office of Revenue Analysis, 441 4th Street, NW, Suite 410 South, Washington, DC 20001, telephone (202) 727-7775.

Julia Friedman, Ph.D.
Deputy Chief Financial Officer
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**PART I -- D.C. TAX COLLECTIONS, FY 2004,
FY 2005 (estimated) and FY 2006 (estimated)**

TABLE 1

GENERAL FUND

D.C. TAX COLLECTIONS

FISCAL YEAR 2004 TAX COLLECTIONS

(In Thousands of Dollars on Accrual Basis)

TAX	FY 2004 COLLECTIONS	PERCENT OF GENERAL FUND OWN SOURCE REVENUES
Individual Income	\$1,042,309	24.2%
Corporation Franchise	168,353	3.9%
Unincorporated Business Franchise	88,347	2.1%
Sales and Use ^{1/}	671,017	15.6%
Alcoholic Beverages	5,090	0.1%
Cigarette	20,765	0.5%
Motor Vehicle Excise	40,437	0.9%
Real Property	947,690	22.0%
Public Space Rental	16,728	0.4%
Personal Property	63,558	1.5%
Public Utility	169,494	3.9%
Toll Telecommunications Tax	54,951	1.3%
Insurance Premiums	47,452	1.1%
Deed Recordation	164,522	3.8%
Deed Transfer	121,747	2.8%
Economic Interest Transfer	16,269	0.4%
Estate	26,466	0.6%
Total, Tax Revenue	\$3,665,195	85.3%
Non-Tax Revenue	323,699	7.5%
Other Sources ^{2/}	73,500	1.7%
Special Purpose (O Type)	236,176	5.5%
TOTAL, GENERAL FUND LOCAL SOURCE REVENUE	\$4,298,570	100.0%

1/ Net of legislated transfers to the WCCA for retirement of debt.

2/ Legalized gambling transfers.

TABLE 2**GENERAL FUND****FY 2005 TAX REVENUE ESTIMATES
FY 2006 TAX REVENUE ESTIMATES**

(In Thousands of Dollars on Accrual Basis)

Tax	FY 2005 ESTIMATES	FY 2006 ESTIMATES
Individual Income	\$1,088,682	\$1,106,209
Corporation Franchise	196,244	196,133
Unincorporated Business Franchise	95,300	103,328
Sales and Use ^{1/}	751,780	806,000
Alcoholic Beverages	4,774	4,692
Cigarette	21,466	20,903
Motor Vehicle Excise	42,671	44,534
Real Property	1,067,445	1,170,853
Public Space Rental	16,765	17,077
Personal Property	54,100	54,549
Public Utility ^{2/}	147,407	145,539
Toll Telecommunications Tax ^{2/}	47,321	45,852
Insurance Premiums	44,500	44,500
Healthcare Provider Tax	5,500	11,000
Deed Recordation ^{3/}	153,551	179,052
Deed Transfer ^{3/}	110,225	125,392
Economic Interest Transfer	4,500	4,500
Estate	23,440	21,420
Total, Tax Revenue	\$3,875,671	\$4,101,533
Non-Tax Revenue	330,973	340,522
Other Sources ^{4/}	70,000	73,100
Special Purpose (O Type)	247,306	264,254
TOTAL, GENERAL FUND LOCAL SOURCE REVENUE	\$4,523,950	\$4,779,409

1/ Net of legislated transfers to the WCCA for retirement of debt

2/ Net of Baseball Gross Receipts Tax

3/ Net of the Housing Production Trust Fund transfer

4/ Legalized gambling transfers

Note: Estimates are Fiscal Year 2006 Approved Budget.

DISTRICT TAXES

ALCOHOLIC BEVERAGE TAXES

GENERAL LIABILITY:

The tax is levied on all alcoholic beverages manufactured by a holder of a manufacturer's license and on all beverages brought into the District by the holder of a wholesaler's license.

D.C. Code Citation: Title 25, Chapter 9.

PRESENT RATES: (January 1, 2005)

Beer --\$2.79 per 31 gallon barrel
Light wine (14% alcohol or less) -- 30¢ per gallon
Heavy wine (over 14% alcohol) -- 40¢ per gallon
Champagne and sparkling wine -- 45¢ per gallon
Spirits -- \$1.50 per gallon

REVENUE:

FISCAL YEAR	COLLECTIONS
2004	\$ 5,090,000
2005 (Estimate)	\$ 4,774,000
2006 (Estimate)	\$ 4,692,000

COMPARATIVE DATA:

Metropolitan Area

ALCOHOLIC BEVERAGE TAX FACTS

ITEM	DC	MD	VA ^{1/}
Beer (per barrel)	\$2.79	\$2.79	\$7.95
Spirits (per gallon)	1.50	1.50	20% of retail price
Wine (per gallon)			
14% or less alcohol	.30	.40	.40 ^{2/}
more than 14% alcohol	.40	.40	.40 ^{2/}
Sparkling wine (per gallon)			
14% or less alcohol	.45	.40	1.51 ^{2/}
More than 14% alcohol	.45	.40	1.51 ^{2/}

^{1/} Sales at ABC Stores are subject to the 4.5% sales tax rate in addition to the rate below.

^{2/} Additionally, a state tax of 4 percent of the price charged is imposed on wine sold to persons other than licenses.

CIGARETTE TAX

GENERAL LIABILITY:

The cigarette tax is levied on the sale or possession of all cigarettes in the District. Cigarettes sold to the military and to Congress are exempt from the tax.

D.C. Code Citation: Title 47, Chapter 24.

PRESENT RATE: (January 1, 2005)

\$1.00 per package of twenty cigarettes.

REVENUE

FISCAL YEAR	COLLECTIONS
2004	\$20,765,000
2005 (Estimate)	\$21,466,000
2006 (Estimate)	\$20,903,000

COMPARATIVE DATA:

Metropolitan Area

CIGARETTE TAX FACTS		
DC	MD	VA
\$1.00	\$1.00	\$0.025

INCOME TAXES
CORPORATION AND UNINCORPORATED BUSINESS FRANCHISE TAXES

GENERAL LIABILITY:

The corporation franchise tax is imposed on corporations carrying on a trade, business or profession in the District or receiving income from District sources. Effective July 1, 1981, financial institutions became subject to the corporation franchise tax. Prior to this date these institutions were subject to a gross earnings tax.

Whoever engages in a trade, business or profession in the District of Columbia must register. Failure to register may result in a fine of not more than \$500 and a civil penalty of \$50 for each and every separate day that such failure to register continues.

The tax on unincorporated businesses is imposed on businesses with gross receipts over \$12,000. A 30% salary allowance for owners and a \$5,000 exemption are deductible from net income to arrive at taxable income.

No person other than a corporation shall engage in or conduct a trade, business or profession, which is excluded from the imposition of the District of Columbia tax on unincorporated businesses and whose gross income for the calendar year is expected to exceed \$12,000, without first making application for a trade and business license. A person who fails to obtain a trade or business license may be fined not more than \$300 for each day that such failure continues.

Generally, persons exempt from filing an unincorporated business franchise tax return include trade, business, or professional organizations having a gross income not in excess of \$12,000 for the taxable year, and trade, business, or professional organizations, which by law, customs, or ethics cannot be incorporated, such as doctors and lawyers.

Federal conformity is maintained pursuant to Public Law 105-100. It continues the District's limited conformity with the Internal Revenue Code (IRC) of 1986 as amended through August 20, 1996.

D.C. Code Citation: Title 47, chapter 18.

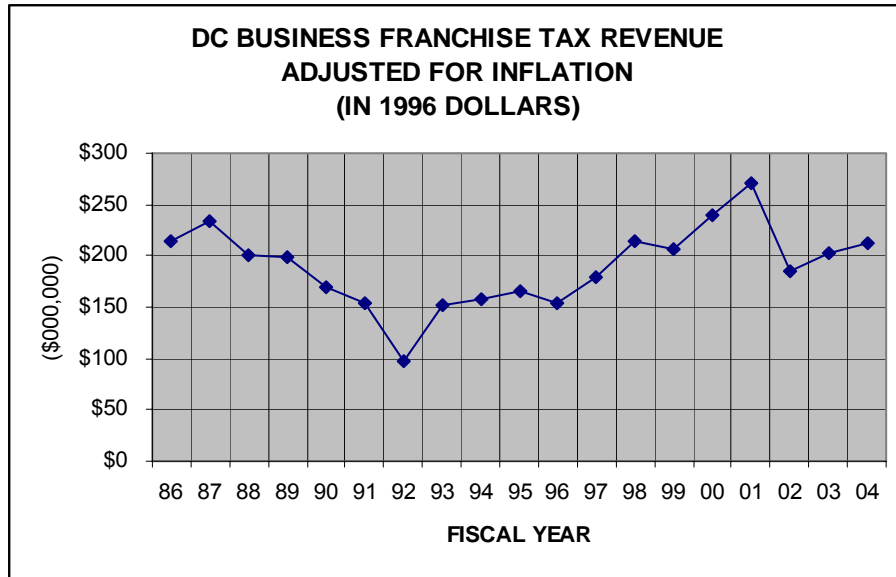
PRESENT RATES: (January 1, 2005)

The franchise tax rate is 9.975 percent of taxable income, 9.5 percent rate plus surtax equal to 5 percent of the base rate.

REVENUE:

FISCAL YEAR	CORPORATION	UNINCORPORATED BUSINESS
2004	\$168,353,000	\$ 88,347,000
2005 (Estimate)	\$196,244,000	\$ 95,300,000
2006 (Estimate)	\$196,133,000	\$103,328,000

INCOME TAXES—Continued



(\$000,000)

YEAR	DC REVENUE ADJUSTED FOR INFLATION (IN 1996 DOLLARS)	PERCENT TO TOTAL TAX COLLECTED
1986	\$213.9	9.0%
1987	\$233.5	9.1%
1988	\$200.5	7.5%
1989	\$197.9	7.1%
1990	\$168.5	6.1%
1991	\$153.1	5.6%
1992	\$ 98.1	3.7%
1993	\$152.7	5.9%
1994	\$158.6	6.1%
1995	\$165.1	6.8%
1996	\$154.1	6.4%
1997	\$178.9	7.4%
1998	\$213.9	8.1%
1999	\$206.1	7.8%
2000	\$240.1	8.6%
2001	\$269.8	9.4%
2002	\$187.7	6.7%
2003	\$202.4	7.2%
2004	\$213.1	7.0%

INDIVIDUAL INCOME TAX

GENERAL LIABILITY:

The tax is imposed on every resident, defined as any individual who is domiciled in the District at any time during the tax year, or who maintains an abode in the District for 183 or more days during the year.

On June 11, 1982, D.C. Law 4-118, the District of Columbia Individual, Estates, and Trusts Federal Conformity Tax Act, which adopted the federal definition of income and made other modifications to the D.C. income tax, became law. Provisions of this legislation are effective for tax years beginning after December 31, 1981.

Further conformity to federal provisions was made pursuant to D.C. Law 5-32, the District of Columbia Income and Franchise Tax Conformity Act of 1983; the Conformity Act of 1984; the Income and Franchise Tax Conformity and Revision Amendment Act of 1987.

Under current District law (DC Law 13-175) federal changes in income and deductions are adopted automatically.

The latest conformity legislation is Public Law 105-100. It maintains the District's limited conformity with the Internal Revenue Code (IRC) of 1986 as amended through August 20, 1996.

D.C. Code Citation: Title 47, Chapter 18.

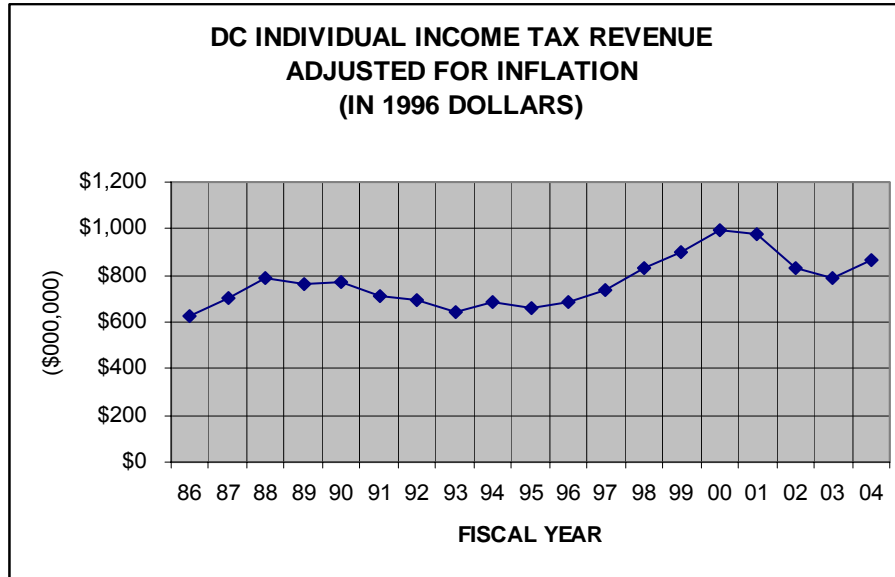
PRESENT RATES: (January 1, 2005)

TAXABLE INCOME	TAX RATE
First \$10,000	5.0%
Over \$10,000, but not over \$30,000	\$ 500 + 7.5% of excess over \$10,000
Over \$30,000	\$2,000 + 9.0% of excess over \$30,000

REVENUE:

FISCAL YEAR	COLLECTIONS
2004	\$1,042,309,000
2005 (Estimate)	\$1,088,068,000
2006 (Estimate)	\$1,106,209,000

INDIVIDUAL INCOME TAX-continued



(\$000,000)

YEAR	DC REVENUE ADJUSTED FOR INFLATION (IN 1996 DOLLARS)	PERCENT TO TOTAL TAX COLLECTED
1986	\$629.5	26.4%
1987	\$706.7	27.4%
1988	\$784.7	29.3%
1989	\$763.4	27.4%
1990	\$769.3	28.0%
1991	\$707.4	26.0%
1992	\$692.0	26.0%
1993	\$638.6	24.7%
1994	\$687.0	26.3%
1995	\$661.3	27.2%
1996	\$689.4	28.7%
1997	\$734.6	30.3%
1998	\$831.4	31.4%
1999	\$902.0	34.0%
2000	\$990.1	35.6%
2001	\$981.8	34.2%
2002	\$829.8	30.2%
2003	\$788.6	28.2%
2004	\$865.1	28.4%

ESTATE TAXES

GENERAL LIABILITY:

The estate tax is imposed on the estate of every decedent of a resident who died while still a resident of the District, and on the estate of every nonresident decedent owning property having a taxable situs in the District at the time of his or her death, where the gross estate exceeds \$1,000,000. Tax due is determined by using the DC Estate Tax computation worksheet after computing the exempted amounts.

The District's Estate Tax is no longer in conformity with the Federal Estate Tax. Except for raising the filing threshold from \$600,000 to \$675,000 (effective January 1, 2002), and increase to \$1,000,000 (effective January 1, 2003), the District's Inheritance and Estate Tax Act of 2002 retains all aspects of the District Estate Tax, as it existed on January 1, 1986. Hence, the District Estate Tax is decoupled from recent and forthcoming Federal Estate Tax law changes as stipulated in the Federal Economic Growth and Tax Relief Reconciliation Act (EGTRRA) of 2001.

An estate tax is imposed in Maryland and Virginia to absorb the maximum credit allowed under the present federal estate tax law for taxes paid to states.

D.C. Code Citation: Title 47, Chapter 37.

REVENUES:

FISCAL YEAR	COLLECTIONS
2004	\$26,466,000
2005 (Estimate)	\$23,440,000
2006 (Estimate)	\$21,420,000

INSURANCE PREMIUMS TAX

GENERAL LIABILITY:

The tax is imposed on the gross insurance premiums received on risks in the District, less premiums received for reinsurance assumed, returned premiums and dividends paid to policyholders. All domestic and foreign insurance companies are liable for the tax, which is in lieu of all other taxes except real estate taxes and fees provided for by the District's insurance law.

D.C. Code Citation: Title 31, Chapter 26.

PRESENT: (January 1, 2005)

REVENUE:

FISCAL YEAR	COLLECTIONS
2004	\$47,452,000
2005 (Estimate)	\$44,500,000
2006 (Estimate)	\$44,500,000

COMPARATIVE DATA: (as of January 1, 2004)

TYPE OF COMPANY/POLICY	DC ^{1/}	MD	VA ^{2/}
Life Insurance Companies	1.70%	2.00%	2.25% ^{3/}
Life Insurance Special Benefits	1.70%	2.00%	2.75%
Domestic Mutual Companies	1.70%	2.00%	1.00%
Industrial Sick Benefit Companies	1.70%	2.00%	1.00%
Workmen's Companies	1.70%	2.00%	2.50%
Other Legal Service Insurance Companies	---	---	2.25%

1/ The District levies an additional fee 0.30 percent to offset the administrative costs of regulation.

2/ To offset the administrative cost of regulating each line of insurance, an additional fee up to .375 percent for providers of workmen's compensation insurance and 0.1 percent for other insurers maybe levied.

3/ 2.75 percent on premiums paid for special or additional benefits.

4/ 2 percent on surplus line brokers.

5/ 3 percent on unauthorized insurers. 1 percent on auto liability insurers.

MOTOR VEHICLE TAXES

MOTOR VEHICLE EXCISE TAX

GENERAL LIABILITY:

The excise tax is imposed on the issuance of every original and subsequent certificate of title on motor vehicles and trailers. Vehicles brought into the District by new residents, who have been titled elsewhere, are exempt from the tax.

D.C. Code Citation: Title 47 Chapter 23.

PRESENT RATES: (January 1, 2005)

Based on manufacturer's shipping weight

Class I - 6% of fair market value-3,499 pounds or less

Class II - 7% of fair market value-3,500 – 4,999 pounds

Class III – 8% of fair market value-5,000 pounds or more

REVENUE:

FISCAL YEAR	COLLECTIONS
2004	\$40,437,000
2005 (Estimate)	\$42,671,000
2006 (Estimate)	\$44,534,000

COMPARATIVE DATA: (as of January 1, 2005)

METROPOLITAN AREA MOTOR VEHICLE EXCISE TAX FACTS

STATE	RATE
District of Columbia	6-7%
Maryland	5%
Virginia	3%

MOTOR VEHICLE FUEL TAX

GENERAL LIABILITY:

The tax is imposed on every importer of motor vehicle fuels, including gasoline, diesel fuel, benzol, benzene, naphtha, kerosene, heating oils, all liquefied petroleum gases and all combustible gases and liquids suitable for the generation of power for the propulsion of motor vehicles.

Beginning on October 1, 1996, the motor vehicle fuels tax is deposited to the Highway Trust Fund, rather than to the Local General Fund.

D.C. Code Citation: Title 47, Chapter 23.

PRESENT RATES: 20¢ per gallon

REVENUE:

FISCAL YEAR	COLLECTIONS
2004	\$26,564,000
2005 (Estimate)	\$26,657,000
2006 (Estimate)	\$26,750,000

COMPARATIVE DATA: (as of January 1, 2005)

Metropolitan Area

MOTOR VEHICLE FUEL RATES

January 1, 2005

DC	MD	VA
\$0.20	\$0.235	\$0.175

MOTOR VEHICLE REGISTRATION FEES

GENERAL LIABILITY:

Registration fee is imposed on every vehicle operated over the highways of the District of Columbia by a resident. A resident has the option of registering every two years.

D.C. Code Citation: Title 47, Chapter 23.

PRESENT RATES: (as of January 1, 2005)

Based on manufacturer's shipping weight

Passenger cars	
Class I (3,499 pounds or less)	\$ 72
Class II (3,500 – 4,999 pounds)	\$115
Class III (5,000 pounds or greater)	\$155
Class IV (clean fuel or electric vehicle)	\$ 36
Mopeds	\$ 10
Motorcycles	\$ 52
Antique vehicles	\$ 15

Trucks and buses:

Trailers:

TRUCKS AND BUSES:		TRAILERS	
Class I (3,499 pounds or less)	\$125	Class I (1,499 pounds or less)	\$ 50
Class II (3,500 – 4,999 pounds)	\$160	Class II (1,500 – 3,499 pounds)	\$125
Class III (5,000 – 6,999 pounds)	\$220	Class III (3,500 – 4,999 pounds)	\$250
Class IV (7,000 – 9,999 pounds)	\$300	Class IV (5,000 – 6,999 pounds)	\$400
Class V (10,000 or greater)	\$575 ^{1/}	Class V (7,000 - 9,999 pounds)	\$500
		Class VI (10,000 or greater)	\$500 ^{2/}
Driver's license (1 st time & renewal)	- \$ 39		
Driver's license reinstatement	- \$ 98		
Driver's instructional license	- \$ 78		
Vehicle titles:			
New titles	- \$ 26		
Duplicate titles	- \$ 26		
Lien recordation (per lien)	- \$ 20		
Residential parking permits	- \$ 15		
Reciprocity parking permit for students	- \$338		
Personalized organization plates	- \$ 52		
Temporary tags	- \$ 13		
Inspection fee	- \$ 10		

^{1/} Plus \$25 per each additional 1,000 pounds over 10,000 pounds.

^{2/} Plus \$50 per each additional 1,000 pounds over 10,000 pounds.

MOTOR VEHICLE REGISTRATION FEES-Continued

REVENUE:

FISCAL YEAR	COLLECTIONS
2004	\$19,865,000
2005 (Estimate)	\$25,965,000
2006 (Estimate)	\$26,745,000

COMPARATIVE DATA:

METROPOLITAN AREA MOTOR VEHICLE REGISTRATION FEES VEHICLE WEIGHTS

JURISDICTION	3,499 lbs. OR LESS	3,500 – 3,700 lbs.	3,701 – 4,999 lbs.	OVER 5,000 lbs.
District of Columbia	\$72.00	\$115.00	\$115.00	\$155.00
Charles County, MD	27.00	27.00	40.50	40.50
Montgomery County, MD	27.00	27.00	40.50	40.50
Prince George's County, MD	27.00	27.00	40.50	40.50
Alexandria, VA ^{1/}	56.50	56.50	61.50	61.50
Arlington County, VA ^{1/}	31.00	31.00	35.00	35.00
Fairfax, VA ^{1/}	51.00	51.00	55.00	55.00
Fairfax County, VA ^{1/}	51.00	51.00	55.00	55.00
Falls Church, VA ^{1/}	51.00	51.00	55.00	55.00
Loudoun County, VA ^{1/}	50.00	50.00	54.00	54.00
Prince William County, VA ^{1/}	53.50	53.50	58.50	58.50

^{1/} Autos subject also to personal property tax. Rates shown include a \$26 state fee on vehicles weighing 4,000 pounds or less and a \$30 state fee on vehicles weighing more than 4,000 pounds.

PROPERTY TAXES - PERSONAL PROPERTY TAX

GENERAL LIABILITY:

The tax is levied on all tangible property, except inventories, used in a trade or business. Such property includes machinery, equipment, furniture and fixtures. Beginning July 1, 1981, financial institutions are included in the personal property tax base.

D.C. Code Citation: Title 47, Chapter 15.

PRESENT RATE:

\$3.40 per \$100 of assessed value; the first \$50,000 of taxable value is excluded from tax.

REVENUE:

FISCAL YEAR	COLLECTIONS
2004	\$63,558,000
2005 (Estimate)	\$54,100,000
2006 (Estimate)	\$54,549,000

COMPARATIVE DATA:

METROPOLITAN AREA PERSONAL PROPERTY TAX FACTS ^{1/}

JURISDICTION	RATES				
District of Columbia	\$3.400				
Charles County, MD	\$2.380				
Montgomery County, MD	\$2.525				
Prince George's County, MD	\$2.400 ^{2/}				
Alexandria, VA	\$4.750 ^{3/}	\$4.50 ^{7/}	\$3.55 ^{4/}		
Arlington County, VA	\$4.400 ^{4/}				
Fairfax, VA	\$3.290 ^{4/}	\$1.00 ^{5/}	\$0.01 ^{6/}		
Fairfax County, VA	\$4.570 ^{4/}	\$1.23 ^{5/}	\$0.01 ^{6/}		
Falls Church, VA	\$4.710 ^{4/}				
Loudoun County, VA	\$4.200 ^{4/}	\$2.75 ^{7/}	\$4.00 ^{8/}		
Prince William County, VA	\$3.700	\$2.00 ^{9/}	\$1.23 ^{10/}	\$1.25 ^{11/}	\$1.00 ^{12/}

1/ The personal property tax year in the Virginia area jurisdictions is on a calendar year basis. The rates submitted by Virginia jurisdictions for this report is applicable to calendar year 2004. In the District of Columbia and the Maryland area jurisdictions, the 2004 personal property tax is July 1, 2003 to June 30, 2004. The rates presented are those in effect for those periods. For 2004, the Virginia personal property tax relief was 70.0% for qualifying vehicles.

2/Rate applies to non-town businesses. The county rate for incorporated town businesses ranges from \$2.011 to \$2.347. Maryland property tax rate is not levied against personal property.

3/Rate applied to regular individual personal property, and business tangible personal property.

4/Vehicles with special equipment designed to aid the handicapped are assessed at a rate of \$3.55 per \$100 of value.

5/Rate applied to mobile homes and public service corporation non-vehicular personal property.

6/Rate applied to special subclass of vehicles.

7/Machinery and tools rate.

8/Rate applied to heavy equipment.

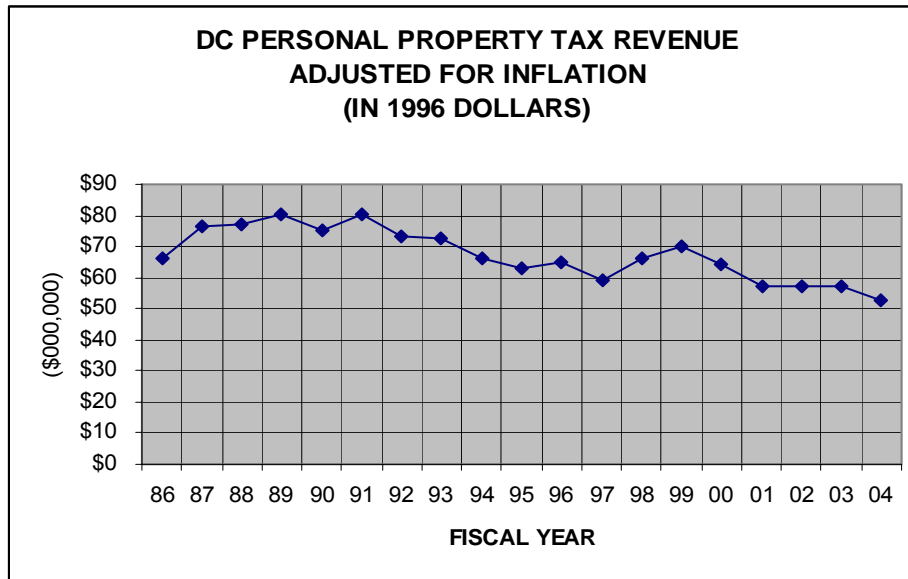
9/ Rate applied to machinery and tools.

10/ Rate applied to mobile homes.

11/ Rate applied to computer equipment.

12/ Rate applied to research and development.

PERSONAL PROPERTY TAX-continued



(\$000,000)

YEAR	DC REVENUE ADJUSTED FOR INFLATION (IN 1996 DOLLARS)	PERCENT TO TOTAL TAX COLLECTED
1986	\$66.2	2.8%
1987	\$76.2	3.0%
1988	\$77.3	2.9%
1989	\$80.2	2.9%
1990	\$75.5	2.7%
1991	\$80.3	2.9%
1992	\$73.2	2.8%
1993	\$72.7	2.8%
1994	\$65.9	2.5%
1995	\$63.0	2.6%
1996	\$65.2	2.7%
1997	\$58.9	2.4%
1998	\$66.1	2.5%
1999	\$70.0	2.6%
2000	\$64.5	2.3%
2001	\$57.3	2.0%
2002	\$57.0	2.1%
2003	\$57.1	2.0%
2004	\$52.8	1.7%

REAL PROPERTY TAX

GENERAL LIABILITY:

All real property, unless expressly exempted, is subject to taxation at 100% of estimated market value. The current District of Columbia property tax uses three classifications of property: Class I--improved residential real property that is occupied and is used exclusively for non-transient residential dwellings purposes; Class II--commercial property; and Class III--unimproved or abandoned property.

The assessed value for each Class I owner-occupied single-family residence (including condominiums) is reduced by a \$38,000 homeowner's exemption, and assessed value of residential real property owned by a cooperative housing association is reduced by 60% (but the exemption may not exceed \$38,000 multiplied by the number of units occupied by the shareholders). First-time homeowners may be eligible for abatement of real property taxes for a period of five years under the First Time Homebuyers Lower Income Home Ownership Tax Abatement program. Owners of certified historic buildings may benefit from a special tax program for at least twenty years. The District also has a property tax relief "circuit-breaker" program for qualified homeowners and renters, which provides a tax credit for those with low and moderate income, the elderly, blind and disabled. For qualified retired senior homeowners, the District allows a one-half reduction in the amount of real property taxes that would otherwise be payable. In addition, a property tax deferral program allows qualified homeowners to defer a portion of their taxes. Homeowners have a 12% annual cap on growth in their real property tax liability.

In FY 1999, the District began a 3-year phase-in of a triennial assessment system. Under this system, properties in the District were divided into three triennial groups for assessment purposes. Each tri-group represents approximately a third of the total value of taxable real property in the District. One tri-group was reassessed each year: Tri-group I in FY 1999, tri-group II in FY 2000, and tri-group III in FY 2001. Under the triennial assessment system, annual decreases in assessed value were immediately realized if owners appealed for an adjustment. Annual increases in assessed value were phased in one-third at a time over a three-year period.

Beginning in FY 2002, the District made its transition back to an annual assessment system. During this transition, one triennial group shifts into annual assessment each year through FY 2004, beginning with tri-group I (1) in FY 2002. Tri-group II (2) shifted to annual assessment in FY 2003, followed by tri-group III (3) in FY 2004. All real property in the District is once again assessed on an annual basis. The return to annual assessment means that annual assessed values and growth rates are more representatives of their market values.

D.C. Code Citation: Title 47, Chapter 7 - 14.

The District's Real Property Tax Year is October 1 through September 30.

REAL PROPERTY TAX-Continued

PRESENT RATES:

COMPARATIVE DATA: (as of January 1, 2005)

PROPERTY CLASS	TAX PER \$100 OF VALUE
Class I (residential)	\$0.96 ^{1/}
Class II (non-residential)	\$1.85
Class III (vacant)	\$5.00

REVENUE:

FISCAL YEAR	COLLECTIONS
2004	\$ 947,690,000
2005 (Estimate)	\$1,067,445,000
2006 (Estimate)	\$1,170,853,000

COMPARATIVE DATA: (January 1, 2005)

METROPOLITAN AREA REAL PROPERTY TAX FACTS

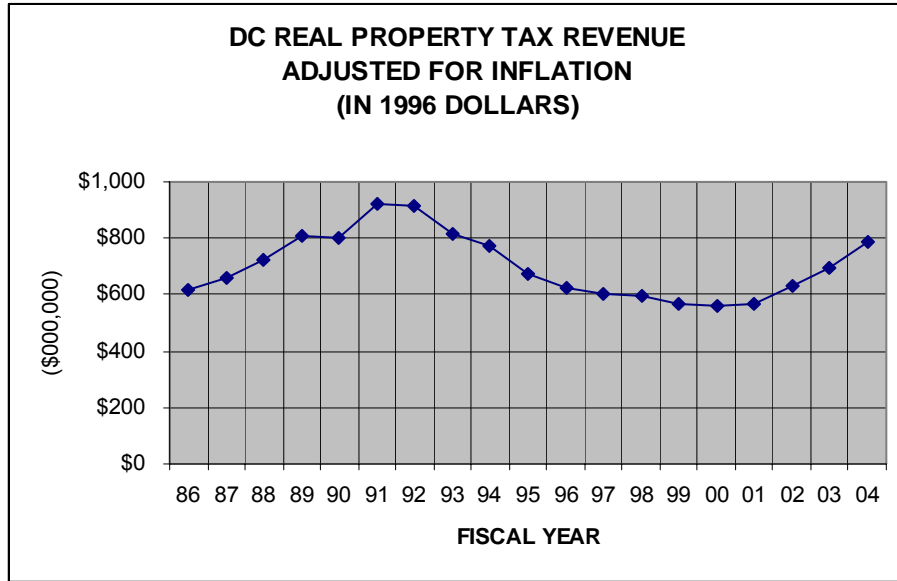
JURISDICTION	NOMINAL TAX PER \$100 VALUE	ASSESSMENT	EFFECTIVE TAX RATE PER \$100 VALUE
District of Columbia			
Class I (residential) ^{1/}	\$0.960	100%	\$0.960
Class II (non-residential)	\$1.850	100%	\$1.850
Class III (vacant)	\$5.000	100%	\$5.000
Maryland			
Charles County ^{2/ 3/}	\$1.092	100%	\$1.092
Montgomery County ^{2/}	\$0.826	100%	\$0.826
Prince George's County ^{2/}	\$1.068	100%	\$1.068
Virginia			
Alexandria	\$0.995	100%	\$0.995
Arlington County	\$0.878	100%	\$0.878
Fairfax	\$0.900	100%	\$0.900
Fairfax County	\$1.130	100%	\$1.130
Falls Church	\$1.030	100%	\$1.030
Loudoun County	\$1.040	100%	\$1.040
Prince William County	\$1.140	100%	\$1.140

^{1/} The first \$38,000 of Assessed Value is exempt from the tax for owner-occupied housing.

^{2/} Rates shown include a state rate of 13.2 cents per \$100 of assessed value.

^{3/} Rates are different in tax districts with various levies for fire, rescue and recreation.

REAL PROPERTY TAX-Continued



(\$000,000)

YEAR	DC REVENUE ADJUSTED FOR INFLATION (IN 1996 DOLLARS)	PERCENT TO TOTAL TAX COLLECTED
1986	\$618.8	26.0%
1987	\$661.7	25.6%
1988	\$720.4	26.9%
1989	\$807.4	28.9%
1990	\$801.4	29.2%
1991	\$921.2	33.8%
1992	\$916.0	34.4%
1993	\$818.3	31.7%
1994	\$771.4	29.6%
1995	\$672.2	27.7%
1996	\$624.4	26.0%
1997	\$602.2	24.8%
1998	\$595.4	22.5%
1999	\$566.1	21.4%
2000	\$561.4	20.2%
2001	\$565.6	19.7%
2002	\$634.7	23.1%
2003	\$698.5	25.0%
2004	\$786.6	25.9%

PUBLIC SPACE RENTAL

GENERAL LIABILITY:

The tax is imposed commercial use of publicly owned property between the property line and the street.

D.C. Code Citation: Title 10, Chapter 11.

PRESENT RATE: (January 1, 2005)

Various rates for the following: Vault, sidewalk (enclosed and unenclosed cafes), surface, and fuel oil tank.

REVENUE

FISCAL YEAR	COLLECTIONS
2004	\$ 16,728,000
2005 (Estimate)	\$ 16,765,000
2006 (Estimate)	\$ 17,077,000

PUBLIC UTILITY TAX

GENERAL LIABILITY:

The tax is imposed on the gross receipts of gas, electric and local telephone companies.

D.C. Code Citation: Title 47, Chapter 25.

PRESENT RATE: (January 1, 2005)

10% of gross receipts – residential

11% of gross receipts – non-residential

Note: 1% of non-residential is dedicated to financing construction of new baseball stadium

REVENUE

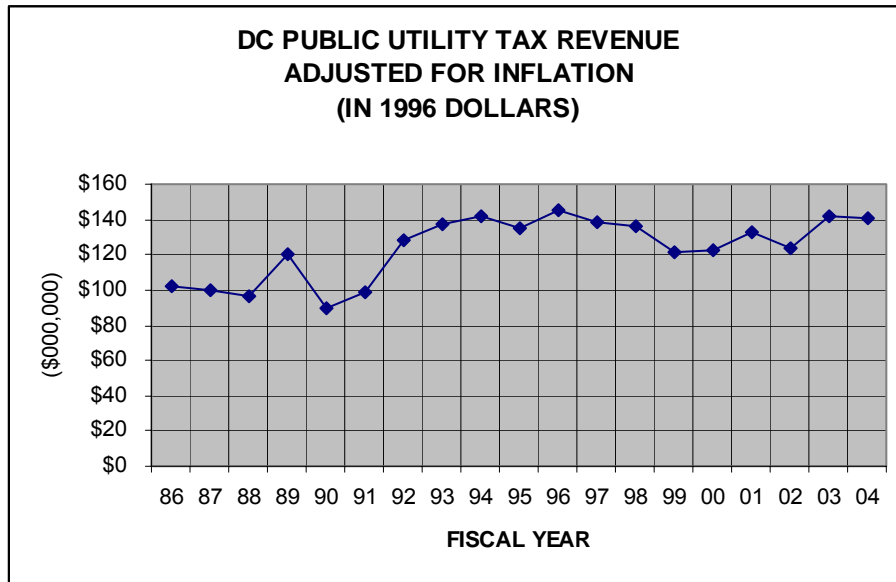
FISCAL YEAR	COLLECTIONS
2004	\$ 169,494,000
2005 (Estimate)	\$ 147,407,000
2006 (Estimate)	\$ 145,539,000

METROPOLITAN AREA UTILITY TAX FACTS

JURISDICTION	UTILITIES SUBJECT TO TAX	RATE	BASIS
District of Columbia	Gas and telephone	10.0% 11.0%	Gross receipts Residential Non-residential
	Electric distribution	\$0.0077	Per Kilowatt Hour
Maryland	Electric, light and power, gas, oil pipeline, telegraph and telephone companies	2.0%	Gross receipts
Virginia	Electric, gas, heat light, power and water Up to \$100,000 Over \$100,000	1.125% 2.3%	Gross receipts
	Pipeline transmission Up to \$100,000 Over \$100,000 Telegraph and telephone 1/	1.125% 2.3%	Gross receipts

1/ Telephone companies are subject to the corporate income tax, not the utility gross receipts tax .

PUBLIC UTILITY TAX-continued



(\$000,000)

YEAR	DC REVENUE ADJUSTED FOR INFLATION (IN 1996 DOLLARS)	PERCENT TO TOTAL TAX COLLECTED
1986	\$102.6	4.3%
1987	\$100.3	3.9%
1988	\$ 96.7	3.6%
1989	\$120.8	4.3%
1990	\$ 90.0	3.3%
1991	\$ 99.1	3.6%
1992	\$128.7	4.8%
1993	\$137.8	5.3%
1994	\$141.7	5.4%
1995	\$134.6	5.5%
1996	\$144.8	6.0%
1997	\$138.3	5.7%
1998	\$136.1	5.1%
1999	\$121.7	4.6%
2000	\$122.1	4.4%
2001	\$133.2	4.6%
2002	\$123.2	4.5%
2003	\$141.5	5.1%
2004	\$140.3	4.6%

**RECORDATION AND TRANSFER TAXES
ECONOMIC INTEREST TAX**

GENERAL LIABILITY:

Recordation Tax

The recordation tax is imposed on the recording of all deeds to real estate in the District. The basis of the tax is the amount of consideration given for the property, including cash, property other than cash, mortgages, liens and security interest in non-residential property. Where there is no consideration or where the consideration is nominal, the tax is imposed on the basis of the fair market value of the property.

D.C. Code Citation: Title 42, Chapter 11.

PRESENT RATE: (January 1, 2005)

Deed Recordation

1.1% of consideration or fair market value

REVENUE:

FISCAL YEAR	COLLECTIONS
2004	\$ 134,260,000
2005 (Estimate)	\$ 153,551,000
2006 (Estimate)	\$ 179,052,000

Transfer Tax

The transfer tax is imposed on each transfer of real property at the time the deed is submitted for recordation. The tax is based upon the consideration paid for the transfer. Where there is no consideration or where the amount is nominal, the basis of the transfer tax is the fair market value of the property conveyed.

D.C. Code Citation: Title 47, Chapter 9.

PRESENT RATE: (January 1, 2005)

Deed Transfer

1.1% of consideration or fair market value

REVENUE:

FISCAL YEAR	COLLECTIONS
2004	\$ 99,052,000
2005 (Estimate)	\$ 110,225,000
2006 (Estimate)	\$ 125,392,000

RECORDATION AND TRANSFER TAXES
ECONOMIC INTEREST TAX-continued

Economic Interest Tax

Economic interest tax is triggered by either one of the following two elements: 1) 80% or more of the assets of the entity consist of real property located in the District of Columbia; or 2) more than 50% of the gross receipts of the entity are derived from ownership or disposition of real property in DC. The consideration is not always equal to the assessed value of the property. The consideration is what is paid for the interest being transferred. If there is no tangible consideration, then the tax basis will be the assessed value of the property owned by the corporation.

D.C. Code Citation: Title 42, Chapter 11.

PRESENT RATE: (January 1, 2005)

Economic Interest Transfer

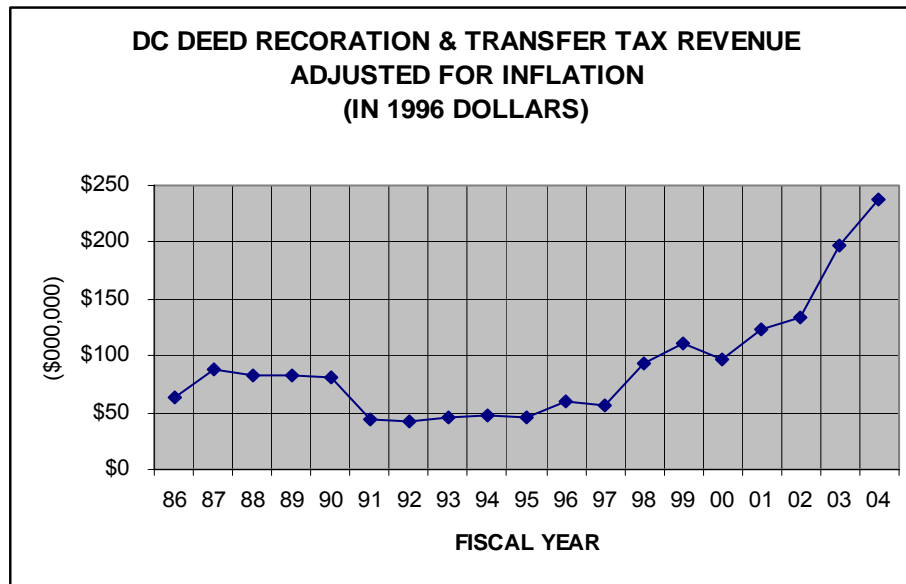
2.2% of consideration or fair market value

REVENUE:

FISCAL YEAR	COLLECTIONS
2004	\$ 4,934,000
2005 (Estimate)	\$ 4,500,000
2006 (Estimate)	\$ 4,500,000

In FY 2004, 15 percent of the District's real estate transfer taxes and 15 percent of deed recordation taxes were to be deposited into The Housing Production Trust Fund that provides assistance to low and moderate-income families and individuals for available housing.

RECORDATION AND TRANSFER TAXES-continued



(\$000,000)

YEAR	DC REVENUE ADJUSTED FOR INFLATION (IN 1996 DOLLARS)	PERCENT TO TOTAL TAX COLLECTED
1986	\$ 63.3	2.7%
1987	\$ 87.3	3.4%
1988	\$ 82.6	3.1%
1989	\$ 82.8	3.0%
1990	\$ 80.1	2.9%
1991	\$ 44.5	1.6%
1992	\$ 42.2	1.6%
1993	\$ 45.2	1.8%
1994	\$ 48.1	1.8%
1995	\$ 45.7	1.9%
1996	\$ 59.8	2.5%
1997	\$ 56.5	2.3%
1998	\$ 93.1	3.5%
1999	\$111.2	4.2%
2000	\$ 96.6	3.5%
2001	\$123.3	4.3%
2002	\$133.0	4.8%
2003	\$198.1	7.1%
2004	\$237.0	7.8%

SALES AND USE TAX

GENERAL LIABILITY:

The District of Columbia has five tax categories that fall under the general sales and use tax. The retail sales tax rate of 5.75% is imposed on all tangible personal property sold or rented at retail in the District and on certain selected services. Grocery-type foods, prescription and non-prescription drugs, disability appliances and residential utility services are among items exempt from the sales tax. Construction materials and business purchases of public utility services are among those included. The other rate categories apply to goods and services as indicated below.

The use tax is imposed at the same rate on property sold or purchased outside the District and then brought into the District to be used, stored or consumed. Vendors subject to the jurisdiction of the District are required to collect and pay the use tax. When the vendor is not subject to the jurisdiction of the District, or when the purchaser brings the property into the District, the purchaser is required to pay the tax.

D.C. Code Citation: Title 47, Chapters 20 and 22.

PRESENT RATES: (January 1, 2005)

A five-tier rate structure is presently in effect:

5.75%	Retail rate for tangible personal property and selected services, alcoholic beverages sold in stores, food sold in vending machines
9%	Liquor sold for off the premises consumption
10%	Restaurant meals, liquor sold for consumption on the premises, rental vehicles
12%	Parking motor vehicles in commercial lots
14.5%	Transient accommodations

Note: Convention Center sales tax rates of 4.45% for transient accommodations and 1.0% for restaurants are included in rates noted above.

REVENUE:

FISCAL YEAR	COLLECTIONS
2004	\$ 671,017,000
2005 (Estimate)	\$ 751,780,000
2006 (Estimate)	\$ 806,000,000

Note: Collections net of legislative mandated transfers to the Washington Convention Center Authority.

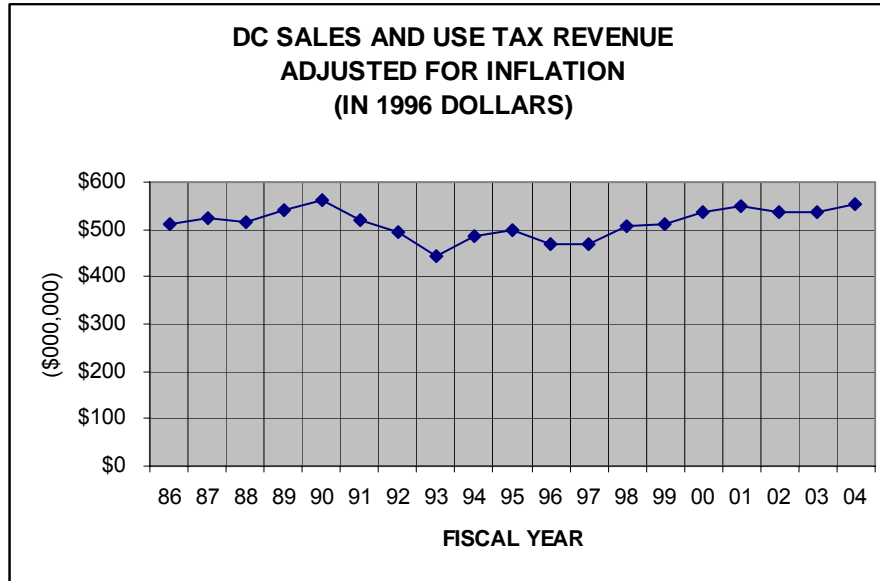
Metropolitan Area

SALES AND USE TAX RATES

January 1, 2005

DC	MD	VA
5.75%	5.00%	3.50%

SALES AND USE TAXES—continued



(\$000,000)

YEAR	DC REVENUE ADJUSTED FOR INFLATION (IN 1996 DOLLARS)	PERCENT TO TOTAL TAX COLLECTED
1986	\$511.0	21.4%
1987	\$525.8	20.4%
1988	\$517.2	19.3%
1989	\$542.5	19.4%
1990	\$562.6	20.5%
1991	\$518.8	19.0%
1992	\$493.8	18.6%
1993	\$444.2	17.2%
1994	\$484.2	18.6%
1995	\$499.0	20.5%
1996	\$467.5	19.5%
1997	\$470.3	19.4%
1998	\$506.5	19.1%
1999	\$513.0	19.4%
2000	\$538.3	19.3%
2001	\$551.3	19.2%
2002	\$535.3	19.5%
2003	\$536.0	19.2%
2004	\$555.6	18.3%

TOLL TELECOMMUNICATIONS TAX

GENERAL LIABILITY:

The tax is imposed on telecommunication companies for the privilege of providing toll telecommunication service in the District, including wireless telecommunication providers.

D.C. Code Citation: Title 47, Chapter 39.

PRESENT RATE: (January 1, 2005)

10% of gross receipts – residential

11% of gross receipts – non-residential

Note: 1% of non-residential is dedicated to financing construction of new baseball stadium

REVENUE:

FISCAL YEAR	COLLECTIONS
2004	\$54,951,000
2005 (Estimate)	\$47,321,000
2006 (Estimate)	\$45,852,000

COMPARATIVE DATA: (January 1, 2005)

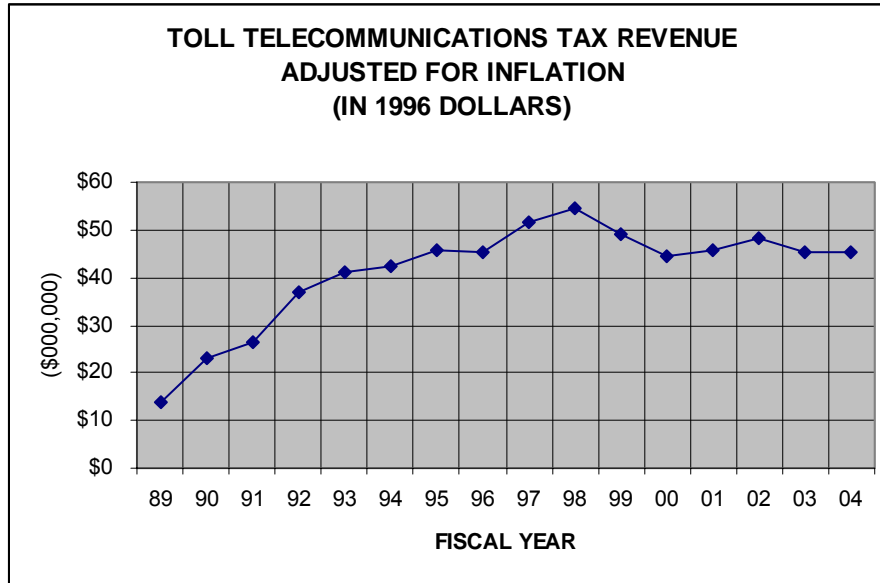
Metropolitan Area

TOLL TELECOMMUNICATIONS TAX

January 1, 2005

District of Columbia	10.0% Residential 11.0% Non-residential
Maryland	2.0%
Virginia	1.0%

TOLL TELECOMMUNICATIONS TAX-continued



(\$000,000)

YEAR	DC REVENUE ADJUSTED FOR INFLATION (IN 1996 DOLLARS)	PERCENT TO TOTAL TAX COLLECTED
1989	\$13.9	0.5%
1990	\$23.1	0.8%
1991	\$26.4	1.0%
1992	\$36.9	1.4%
1993	\$41.0	1.6%
1994	\$42.2	1.6%
1995	\$45.8	1.9%
1996	\$45.5	1.9%
1997	\$51.7	2.1%
1998	\$54.7	2.1%
1999	\$49.1	1.9%
2000	\$44.4	1.6%
2001	\$45.8	1.6%
2002	\$48.4	1.8%
2003	\$45.3	1.6%
2004	\$45.5	1.5%

NON-TAX REVENUE AND LOTTERY

GENERAL LIABILITY:

Local non-tax revenue includes licenses and permits, parking and traffic fines, charges for services, interest income, and other revenue sources.

NON-TAX REVENUE

REVENUE:

FISCAL YEAR	COLLECTIONS
2004	\$323,699,000
2005 (Estimate)	\$330,973,000
2006 (Estimate)	\$340,522,000

LOTTERY

Every year, the District of Columbia Lottery and Charitable Games Control Board transfer millions of dollars to the District of Columbia General Fund, which benefits those who live and work in the city as well as those who visit. Games currently enjoyed in the District are DC Lucky Numbers, DC Four, Quick Cash, Powerball, DC Keno, Hot Five, Instant Tickets, and Extra.

REVENUE:

FISCAL YEAR	COLLECTIONS
2004	\$ 73,500,000
2005 (Estimate)	\$ 70,000,000
2006 (Estimate)	\$ 73,100,000

SPECIAL PURPOSE NON-TAX REVENUE

GENERAL LIABILITY:

Special purpose non-tax revenues, often times referred to as O-Type or dedicated revenues, are funds generated from fees, fines, assessments, or reimbursements that are dedicated to the District agency that collects the revenues to cover the cost of performing the function. The “dedication” of the revenue to the collecting agency is what distinguishes this revenue from the general-purpose non-tax revenues. The legislation that creates the fee, fine or assessment must stipulate its purpose-designation and must also state whether any unspent funds are to retain designation at the conclusion of the fiscal year or revert to general-purpose funds. Unspent revenue in certain funds cannot revert to general purpose funds. It is the policy of the District government to discourage allocation of dedicated revenue directly to agencies. Dedicated revenues limit the use of the District’s General fund revenue by earmarking a portion of the revenue for special purposes. Prior to Fiscal Year 2002, dedicated non-tax revenues were not considered local revenues and as such were reported differently in the Comprehensive Annual Financial Report (CAFR) and reported with the District’s federal and private grants in the Financial Plan.

REVENUE:

FISCAL YEAR	COLLECTIONS
2004	\$236,176,000
2005 (Estimate)	\$247,306,000
2006 (Estimate)	\$264,254,000

PART III -- SELECTED D.C. TAX STATISTICS

TABLE 3
D.C. TAX COLLECTIONS
(\$000)

FISCAL YEAR	1/ TOTAL NET COLLECTIONS	2/ INDIVIDUAL AND CORPORATE INCOME	3/ PROPERTY TAXES	EXCISE AND SALES AND USE TAXES	4/ GROSS RECEIPTS TAXES	5/ MISC. TAXES
1985	1,536,027	524,620	455,097	402,743 6/	91,445	62,122
1986	1,684,535	595,964	488,849	432,969 6/	93,799	72,954
1987	1,873,667	682,788	541,211	459,418 6/	99,786	90,464
1988	2,021,912	744,326	609,425	468,942 6/	103,285	95,934
1989	2,204,598	759,883	710,766	507,169 6/	136,680	90,100
1990	2,279,127	777,651	737,138	546,823 6/	127,573	89,942
1991	2,371,732	749,025	881,878	531,004 6/	142,562	67,263
1992	2,384,300	708,085	903,319	542,750 6/	180,192	67,954
1993	2,557,852	730,519	1,011,663	504,735 6/	229,593 7/	81,342
1994	2,470,053	800,868	811,009	557,474 6/	243,199 7/8/	57,503
1995	2,391,041	804,355	730,343	584,107 6/	210,912 7/9/	61,324
1996	2,402,521	843,553	701,635	530,391	234,957 7/	91,985
1997	2,490,036	936,980	687,599	540,837	229,242 7/	95,378
1998	2,773,561	1,083,102	695,440	618,500	236,637 7/	139,882
1999	2,849,873	1,169,751	679,550	645,949	207,290	147,333
2000	3,083,827	1,338,564	692,781	698,861	212,011	141,610
2001	3,209,273	1,400,237	707,423	677,139	233,740	190,734
2002	3,147,582	1,160,424	803,389	668,837	231,786	283,146
2003	3,293,374	1,167,452	901,888	694,494	261,348	268,192
2004	3,665,195	1,299,009	1,027,976	737,309	271,897	329,004

1/ Collection is on a modified accrual basis, and does not include legislative transfers to the WCCA for retirement of debt.

2/ Includes total corporate income surtax.

3/ Includes Public Space Rental and Personal Property.

4/ Includes Toll Telecommunication, public utility taxes and insurance companies.

5/ Includes inheritance and estate, recordation and transfer, and economic interest taxes.

6/ Includes Motor Vehicle Fuel Tax.

7/ Includes Healthcare Providers Tax.

8/ Includes Public Safety Fee.

9/ Includes Arena Fee.

TABLE 4
2003 D.C. INCOME TAX DISTRIBUTION

Adjusted Gross Income Class	Number of Returns	Percent 1/	Adjusted Gross Income Amount	Percent 1/	Net Taxable Income Amount	Percent 1/
ITEMIZED DEDUCTIONS						
Less Than \$0	408	0.4%	0	0.0%	0	0.0%
\$0- \$9,999	3,960	3.5%	21,338,233	0.2%	5,769,009	0.1%
\$10,000-\$19,999	7,643	6.8%	118,034,877	1.0%	47,606,251	0.5%
\$20,000-\$29,999	11,955	10.6%	301,660,552	2.6%	163,003,633	1.8%
\$30,000-\$39,999	13,556	12.0%	474,454,791	4.2%	298,297,314	3.2%
\$40,000-\$49,999	12,419	11.0%	557,131,131	4.9%	384,707,693	4.2%
\$50,000 & Over	63,141	55.8%	9,945,266,209	87.1%	8,331,886,148	90.3%
Total	113,082	100.0%	11,417,885,783	100.0%	9,231,270,048	100.0%
STANDARD DEDUCTIONS						
Less Than \$0	3,004	1.9%	0	0.0%	0	0.0%
\$0- \$9,999	41,492	26.6%	214,152,012	5.9%	84,916,412	3.0%
\$10,000-\$19,999	39,011	25.1%	580,574,130	16.1%	395,774,998	13.8%
\$20,000-\$29,999	30,679	19.7%	756,784,952	20.9%	601,634,148	20.9%
\$30,000-\$39,999	19,336	12.4%	668,350,884	18.5%	578,063,942	20.1%
\$40,000-\$49,999	10,631	6.8%	472,535,927	13.1%	425,575,835	14.8%
\$50,000 & Over	11,559	7.4%	923,149,402	25.5%	787,824,994	27.4%
Total	155,712	100.0%	3,615,547,306	100.0%	2,873,790,329	100.0%

1/ Detail may not add to total due to rounding.

Source: Office of Tax and Revenue.

TABLE 5

DISTRICT OF COLUMBIA ASSESSMENTS – TAXABLE, EXEMPT AND TOTALS

TAX YEAR 2004

TYPE OF PROPERTY 1/	TOTAL ACRES	LAND VALUE	IMPROVE- MENTS	TOTAL VALUE	1/ GROSS TAX REVENUE	% OF ALL PROPERTIES			NUMBER OF ITEMS
						LAND ACRES	LAND VALUE	TOTAL VALE	
Total Taxable	12,731.1	\$32,938,646,448	\$46,745,757,453	\$79,684,403,901	\$1,082,692,238	42.9	55.6	72.7	159,033
Class One (Gross)	9,936.8	\$16,541,510,001	\$28,715,680,399	\$45,257,190,400	\$434,469,028	33.5	27.9	44.7	146,235
Residential/Single Family	6,328.4	13,218,172,627	23,156,507,248	36,374,679,875	349,196,927	21.3	22.3	36.0	132,263
Homestead	4,552.8	8,514,967,218	15,204,295,545	23,719,262,763	227,704,923	15.4	14.4	23.7	87,642
Non-seniors	2,895.0	6,470,731,103	1,168,605,295	18,154,336,398	174,281,629	9.8	10.9	18.2	65,447
Seniors	1,657.8	2,044,236,115	3,520,690,250	5,564,926,365	53,423,293	5.6	3.5	5.5	22,195
Non-Homestead	1,775.6	4,703,205,409	7,952,211,703	12,655,417,112	121,492,004	6.0	7.9	12.4	44,621
Residential/Multifamily	3,608.4	3,323,337,374	5,559,173,151	8,882,510,525	85,272,101	12.2	5.6	8.6	13,972
Class Two (Gross)	2,367.3	\$16,143,9045685	\$17,896,808,274	\$34,040,712,959	\$629,753,190	8.0	27.3	27.8	9,394
Commercial	477.6	10,794,619,470	14,416,673,129	25,211,292,599	466,408,913	1.6	18.2	22.4	1,978
Hotels/Motels	101.4	1,244,625,320	1,276,697,807	2,521,323,127	46,644,478	0.3	2.1	2.0	167
Other Commercial	1,788.3	4,104,659,895	2,203,437,338	6,308,097,233	116,699,799	6.0	6.9	3.4	7,249
TOTAL EXEMPT 3/	16,916.1	\$26,255,680,782	\$17,537,290,476	\$43,792,966,797	\$810,169,886	57.1	44.4	27.3	15,791
Total US/DC Government	13,516.6	20,111,855,454	10,974,985,093	31,086,840,547	575,106,550	45.6	34.0	17.1	5,246
United States	11,472.4	17,909,235,847	8,250,065,400	26,159,301,247	483,947,073	38.7	30.3	12.8	3,019
District of Columbia	2,044.2	2,202,619,607	2,724,919,693	4,927,539,300	91,159,477	6.9	3.7	4.2	2,227
Total Non-US/DC Exempt	3,399.5	\$6,143,825,328	\$6,562,305,383	\$12,706,126,250	\$235,063,336	11.5	10.4	10.2	10,545
Low Income Tax-Exempt	272.7	315,254,480	582,682,207	89,7935,319	16,611,803	0.9	0.5	0.9	6,295
Religious	643.9	880,747,800	866,785,652	1,747,530,359	32,329,312	2.2	1.5	1.3	1,297
Educational	727.6	1,265,063,462	1,427,146,746	2,692,210,208	49,805,889	2.5	2.1	2.2	473
Charitable	187.6	268,209,810	305,283,340	573,493,150	10,609,623	0.6	0.5	0.5	542
Hospitals	212.2	236,834,430	429,681,720	666,516,150	12,330,549	0.7	0.4	0.7	12
Libraries	1.2	7,716,900	5,283,100	13,000,000	240,500	0.0	0.0	0.0	1
Foreign Governments	294.7	705,067,820	1,046,220,150	1,751,287,970	32,398,827	1.0	1.2	1.6	608
Cemeteries	345.7	173,722,040	3,587,390	177,309,430	3,280,224	1.2	0.3	0.0	24
Miscellaneous	476.7	1,701,202,605	1,046,220,150	1,751,287,970	32,398,827	1.0	1.2	1.6	608
WMATA	193.0	278,322,547	206,431,580	484,754,127	8,967,951	0.7	0.5	0.3	422
Homestead Preservation	1.6	1,340,560	1,581,570	2,922,130	54,059	0.0	0.0	0.0	21
DCRLA	42.5	310,046,244	231,615,809	541,662,053	10,020,748	0.1	0.5	0.4	219
Tax Abatement	0.1	296,630	692,140	988,770	18,292	0.0	0.0	0.0	5
TOTAL TAXABLE AND EXEMPT	29,647.3	\$59,194,327,230	\$64,283,047,929	\$123,477,370,698	\$1,892,862,123	100.0	100.0	100.0	174,824

1/ In 2004, there were 498 mixed-use properties that amounted to 59.2 acres and \$649.1 million in total value. The total acreage for each mixed-use property is assigned to the property's primary use. However, the assigned value and tax revenue for the property's secondary use is apportioned to its second tax classification without adjustment to the second tax classification's total acreage.

2/ Gross tax revenue does not include eligible tax abatements, credits, exemptions, real property account adjustments or refunds.

3/ All exempt properties are foregone tax revenue.

NOTE: Detail may not add to total due to rounding.

TABLE 6
DISTRICT OF COLUMBIA
REAL PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(\$000)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of levy		Amount	Percentage of Levy
1995	\$736,673	\$649,020	88.10%	\$ 5,540	\$654,560	88.85%
1996	720,033	632,181	87.80%	23,119	655,300	91.01%
1997	606,435	606,435	91.77%	13,373	619,808	93.79%
1998	664,687	590,249	88.80%	29,711	619,960	93.27%
1999	642,388	557,899	86.85%	34,407	592,306	92.20%
2000	632,975	569,190	89.92%	52,283	621,473	98.18%
2001	668,813	576,965	86.27%	43,008	619,973	92.70%
2002	710,816	649,895	91.43%	54,532	704,427	99.10%
2003	836,689	774,989	92.63%	33,395	808,384	96.62%
2004	929,889	898,352	96.61%	N/A	898,352	96.61%

Source: Office of Tax and Revenue

HISTORY OF MAJOR CHANGES IN D.C. TAX STRUCTURE – FISCAL YEAR 1970 – FISCAL YEAR 2005

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/
Alcoholic Beverage				
Bear	1970	1970	Rate increased 5¢/barrel to \$2.25/barrel	+\$ 150,000
	1989	1989	Rate increased 54¢/barrel to \$2.79/barrel	+\$ 250,000
Sparkling Wine	1989	1989	Rate decreased 5¢/gallon to 40¢/gallon	-\$ 25,000
	1990	1990	Rate increased 5¢/gallon to 45¢/gallon	+\$ 20,000
Spirits	1970	1970	Rate increased 25¢/gallon to 2.00/gallon	+\$ 1,500,000
	1978	1978	Rate decreased 50¢/gallon to \$1.50/gallon	-\$ 1,800,000
Wine				
(14% or Less Alcohol)	1989	1989	Rate increased 25¢/gallon to 40¢/gallon	+\$ 750,000
	1990	1990	Rate decreased 10¢/gallon to 30¢/gallon	-\$ 300,000
(More than 14% Alcohol)	1989	1989	Rate increased 7¢/gallon to 40¢/gallon	+\$ 25,000
Cigarette	1970	1970	Rate increased from 3¢/pack to 4¢/pack	+\$ 1,050,000
	1973	1973	Rate increased from 4¢/pack to 6¢/pack	+\$ 1,800,000
	1976	1976	Rate increased from 6¢/pack to 10¢/pack	+\$ 2,600,000
	1977	1977	Rate increased from 10¢/pack to 13¢/pack	+\$ 2,400,000
	1987	1987	Rate increased from 13¢/pack to 17¢/pack (April 1987)	+\$ 1,200,000
	1991	1992	Rate increased from 17¢/pack to 30¢/pack (April 1991)	+\$ 5,200,000
	1992	1992	Rate increased from 30¢/pack to 50¢/pack (April 1992)	+\$ 4,500,000
	1993	1993	Rate increased from 50¢/pack to 65¢/pack (July 1993)	+\$ 4,500,000
	2002	2003	Rate increased from 65¢/pack to \$1.00/pack (January 2003)	+\$ 5,800,000
FINANCIAL INSTITUTIONS:				
Banks, Building Association Gross Earnings	1976	1976	Rate on banks increased from 4% to 6%; rate on building Associations increased from 2% to 3%	+\$ 5,600,000
	1977	1977	Rate on building association decreased from 3% to 2%.	-\$ 2,500,000
	1980	1981	Payment due with return-August 1. Financial institutions added to corporation franchise base/gross earnings tax phased out. 2/	+\$ 3,569,000
INCOME TAXES:				
Individual Income	1970	1970	District taxation of capital gains and sick pay conformed to the federal treatment. New rates and brackets From % 2 3 4 5 6 \$000 1 2 2 5 over 10 to % 2 3 4 5 6 7 8 9 10 \$000 1 1 1 2 3 4 5 8 over 25	
	1975	1976	Income tax credit for excess property taxes paid by low income persons	
	1976	1976	Personal exemptions and childcare deduction conformed to federal treatment New rates and brackets % 2 3 4 5 6 7 8 9 10 11 \$000 1 1 1 1 1 5 3 4 8 over 25	+\$ 1,500,000
	1977	1977	Income tax credit for excess property taxes paid: a) over 62, blind, disabled-income limit \$20,000-credit limit \$750. b) under 62-income limit \$7,000-credit limit \$320.	+\$ 14,900,000
		1978	Income tax credit for excess property taxes paid: a) over 62, blind, disabled-income limit \$20,000-credit limit \$750. b) under 62-income limit \$10,000-credit limit \$400.	-\$ 3,917,000
	1978	1979	Income tax credit for excess property taxes paid is increased to \$750 and the income limit is increased to \$20,000 for claimants under age 62 who are not blind or disabled.	-\$ 2,309,000
				-\$ 1,000,000

HISTORY OF MAJOR CHANGES IN D.C. TAX STRUCTURE – FISCAL YEAR 1970 – FISCAL YEAR 2005

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE					FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/				
Individual Income-continued	1980	1980	Installment dates for payments of and declarations of estimated tax changed from July 15 to June 15 and from October 15 to September 15.					+\$	2,500,000			
	1982	1982	D.C. income tax conformed to the federal income tax with certain modifications.					-\$	6,200,000			
	1982	1983	Conformity to federal treatment of medical and dental expenses, and casualty losses.					+\$	3,015,000			
	1987	1987	Require seizure of individual income tax refunds of the University of the District of Columbia adjudicated student loan defaulters.					-				
									Estimated full Year Revenue Effect at Time of Change 1/3/ (Millions of Dollars)			
FISCAL YEAR OF ENACTMENT			FY 87	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95	
	1987 new rates and brackets											
	% 6 8 10											
	\$000 10 10 over 20 for calendar year 1987											
	% 6 8 9.5 for calendar year 1988											
	\$000 10 10 over 20 and subsequent years.											
1987	Increased personal exemption to \$885 for 1987; \$1,025 for 1988; \$1,160 for 1989; \$1,270 for 1990; and \$1,370 for 1991 and subsequent calendar years.											
1987	Increased standard deduction from \$1,000 to \$2,000.											
1987	Retained \$3,000 exclusion for certain retirees.											
1987	Established low individual income tax credit.											
1989	Repealed Political Contribution Credit											
	Required same deduction method used when filing federal return.											
	Begin taxation of lottery winnings.											
1995	Confirm to Internal Revenue code provisions as of April 11, 1995											
			FY '00	FY '01	FY '02	FY '03	FY '04	Minimal				
1999	Tax Parity Act of 1999 (estimates assume full enactment)		\$21.2 (M)	\$56.2 (M)	\$77.2 (M)	\$99.9 (M)	\$148.7 (M)					
REDUCED TAX RATES AS FOLLOWS:												
	Lowest Rate		5.0%	5.0%	5.0%	4.5%	4.0%					
	\$0 - \$10,000 (currently 6.0%)											
	Middle Rate		7.5%	7.5%	7.0%	7.0%	6.0%					
	\$10,001 - \$20,000 (currently 8.0%)											
				\$10-\$30K	\$10-\$30K	\$10-\$40K	\$10-\$40K					
	Top Rate		9.5%	9.3%	9.0%	8.7%	8.5%					
	Over \$20,000 (currently 9.5%)											
	Top Bracket 4/		\$20K	\$30K	\$30K	\$40K	\$40K					

HISTORY OF MAJOR CHANGES IN D.C. TAX STRUCTURE – FISCAL YEAR 1970 – FISCAL YEAR 2005

	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/					
Individual Income-continued		2003	Tax Parity Act of 1999 suspended	-					
	2002	2003	Earned Income Tax Credit						
			Tax Year 2001 – 10% of federal credit						
			Tax Year 2002 – 25% of federal credit	-\$	18,711,000				
	2004	2005	Top rate decrease from 9.3% to 9.0%						
Corporation and Unincorporated Business Franchise	1970	1970	\$25 minimum tax and quarterly declaration payment requirements	+\$	2,500,000				
	1972	1972	Rate increased to 7%	+\$	3,000,000				
		1974	Rate increased to 8%	+\$	3,000,000				
	1976	1976	Professional added to unincorporated business franchise tax base at 12% rate with new exemption and salary allowance amounts	+\$	8,250,000	(gross amount before individual income tax impact)			
			Permanent corporate and unincorporated business tax rate increase from 8% to 9%.	+\$	3,675,000				
			Temporary increase for calendar year 1975 from 9% to 12%.	+\$	11,025,000				
			Require professional corporations to file as unincorporated business.	+\$	1,250,000				
			10% surtax imposed; effective rate for fiscal year 1976 returns became 9.9%.	+\$	6,000,000				
	1977	1977	Only unincorporated businesses with gross incomes in excess of \$12,000 must file a return.	-\$	40,000				
	1978	1978	10% surtax continued indefinitely	+\$	5,600,000				
	1980	1980	Installment dates for payments and declarations of estimated tax changed from July 15 to June 15 and from October 15 to September 15.	+\$	2,500,000				
	1980	1980	Professionals deleted from unincorporated business franchise tax base.	-\$	10,410,000				
	1980	1981	Financial institutions added to corporation franchise tax base.	+\$	3,569,000				
	1983	1983	Minimum franchise tax increased from \$25 to \$100.	+\$	800,000				
	1984	1985	Rate increased from 9% to 10%, surtax decreased from 10% to 5% for an effective rate of 10.5%.	+\$	7,000,000				
	1986	1986	Nondeductible expenses incurred to produce, treated as exempt income.						
				FY '87	FY '88	FY '89	FY '90	FY '91	FY '92
	1987		Surtax decreased from 5% to 2.5%.	0	-4.4	-4.8	-5.3	-5.8	-
	1987		Established net operating loss.	-5.0	-5.0	-5.0	-5.0	-	-
	1989		Surtax increased from 2.5% to 5%.	-	4.3	4.7	5.1	-	-
	1993	1993	Surtax decreased from 5% to 2.5%, effective October 1, 1992.	-\$	2,950,000				
	1994	1995	Reduce franchise tax rate to 9.5%.	-\$	6,400,000				
	1994	1995	Allow a deduction for Subpart F income.	-\$	3,000,000				
	1994	1994	Conform to provisions of omnibus budget reconciliation act of 1993	+\$	100,000				
	1994	1994	Add a 2.5% surtax to finance the Convention Center.	+\$	3,143,000				

HISTORY OF MAJOR CHANGES IN D.C. TAX STRUCTURE – FISCAL YEAR 1970 – FISCAL YEAR 2005

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/
Corporation and Unincorporated Business Franchise- continued	1995	1995	Conform to Internal Revenue Code provisions as of April 11, 1995.	-
	1999	1999	Surtax (2.5%) financing the Convention Center shifted to general fund. 5/	+\$ 6,200,000
	1999	2000	Eliminate carry back of net operating losses/adjust net operating loss provisions to reflect single entity filing.	-
	1999	2003	Reduce 9.975% rate to 9.0%.	-\$ 16,700,000
	1999	2004	Reduce 9.0% rate to 8.5% (rate reduction impact is cumulative).	-\$ 28,700,000
Inheritance and Estate	2002	2003	Tax Parity suspended, rate increased to 9.975%.	+\$ 17,500,000
	2002	2003	Bonus depreciation decoupling from the Federal Corporation Tax code (recently passed federal job Creation and Worker Assistance Act of 2002).	+\$ 24,000,000
	1972	1972	Rates increased to a range of 1% - 23%, Class B merged with Class C and exemption lowered.	-\$ 2,800,000
	1987	1987	Inheritance tax abolished for decedents dying on or after April 1, 1987.	-\$ 15,000,000
	2002	2002	DC Estate Tax is no longer in conformity with the Federal Estate Tax, and the filing threshold increases from \$600,000 to \$675,000 effective January 1, 2002.	-
Insurance	2003	2003	Filing threshold increases from \$675,000 to \$1,000,000, effective January 1, 2003.	-
	1977	1977	Payment dates changed. If liability is over \$2,000, at least 25% of tax must be paid in each of 3 installments during the year taxable income is received. Remainder is due by march 1 following close of calendar year.	-
	1992	1993	Increase insurance gross premiums tax rate from 2% to 2.25% (October 1992).	+\$ 4,000,000
	1999	1999	Decrease insurance gross premiums tax rate from 2.25% to 1.7% (January 1, 1999).	-\$ 6,000,000
	1970	1970	Rate increased from 3% to 4%.	+\$ 1,700,000
Motor Vehicles: Motor Vehicle Excise	1973	1973	Rate increased from 4% to 5%.	+\$ 1,900,000
	1976	1976	Rate increased from 5% to 6%.	+\$ 1,800,000
			New rates and weight classes instituted 4% 2799 lbs. Or less 5% 2800 – 3400 lbs. 6% 3500 – 3999 lbs. 7% 4000 lbs. or over	+\$ 550,000
	1983	1983	New rates and weight classes instituted (June 1983) 6% 3499 lbs. or less 7% 3500 lbs. or over	+\$ 2,000,000
	1990	1990	Exempted taxicabs from motor vehicle excise tax and required new residents to pay excise tax on motor vehicles transferred into the District.	+\$ 700,000
Motor Vehicle Fuel	1999	1999	Repeal requirement that new residents pay second excise tax on vehicles transferred into the District. 6/	-\$ 12,000,000
	1972	1972	Rate increased from 1¢/gallon to 8¢/gallon	+\$ 2,400,000
	1976	1976	Rate increased from 2¢/gallon to 10¢/gallon	+\$ 4,825,000
	1980	1980	Rate increased from 10¢/gallon to 11¢/gallon	+\$ 1,512,000
	1980	1981	Rate increased from 11¢/gallon to 13¢/gallon (June 1981)	+\$ 3,024,000
	1980	1982	The gasoline excise tax rate becomes indexed to the consumer price urban index.	-
			Rate increased from 13¢/gallon to 14¢/gallon after indexing (June 1982).	+\$ 1,600,000
	1983	1983	Rate increased from 14¢/gallon to 14.8¢/gallon (June 1983).	+\$ 1,300,000
	1984	1984	Rate increased from 14.8¢/gallon to 15.5¢/gallon (June 1984)	+\$ 1,100,000

HISTORY OF MAJOR CHANGES IN D.C. TAX STRUCTURE – FISCAL YEAR 1970 – FISCAL YEAR 2005

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/
MV Fuel-continued	1985	1985	Rate set at 15.5¢/gallon (June 1985), indexing repealed.	-\$ 1,700,000
	1989	1989	Rate increased from 15.5¢/gallon to 18¢/gallon (June 1989).	+\$ 4,000,000
	1992	1993	Rate increased from 18¢/gallon to 20¢/gallon (October 1992).	+\$ 3,300,000
	1994	1994	Temporary rate increase (4 months) from 20¢/gallon to 22.5¢/gallon (June 1994).	+\$ 1,300,000
MV Registration	1970	1970	Rate increased from \$22.50 on cars < 3500 lbs. to \$30.00 on cars < 3400 lbs.; rate increased on cars > 3500 lbs. from \$32.50 to \$50.00 on cars > 3400 lbs.; rates on other vehicles increased by 1/3.	+\$ 3,300,000
	1976	1976	Rate increased on cars < 3400 lbs. from \$30.00 to \$40.00; rate increased on cars > 3400 lbs. from \$50 to \$67; rates on other vehicles increased by one-third.	+\$ 3,850,000
	1976	1976	New rates and weight classes instituted \$ 50 - 2800 lbs. or less \$ 57 - 2801 – 3499 lbs. \$ 83 - 3500 – 3999 lbs. \$ 96 - 4000 lbs. and over	
	1977	1977	Rates on other vehicles increased by one-third. New reduced rates and weight classes instituted \$ 35 - 2800 lbs. or less \$ 42 - 2801 – 3499 lbs. \$ 68 - 3500 – 3999 lbs. \$ 76 - 4000 lbs. and over	-\$ 3,900,000
	1983	1983	New rates and weight classes instituted \$ 45 - 3499 lbs. or less \$ 78 - 3500 lbs. and over	+\$ 1,400,000
	1991	1991	New rates instituted \$ 55 - 3499 lbs. or less \$ 88 - 3500 lbs. and over	+\$ 3,000,000
	2003	2003	New rates instituted \$ 72 - 3499 lbs. or less \$115 - 3500 lbs. and over	+\$ 10,900,000
	2004	2005	New rates instituted \$ 72 - 3499 lbs. or less \$115 - 3500 to 4999 lbs. \$155 5000 lbs. and over \$36 clean fuel or electric vehicle	+\$ 2,800,000
	1970	1970	Rate increased 10¢/\$100 of assessed value to \$2.40/\$100.	+\$ 700,000
	1973		Phase-out of tax applicable to business inventories FY 1973 2/3 rate applies FY 1974 1/3 rate applies FY 1975 phase-out completed	-\$ 2,600,000 -\$ 5,300,000 -\$ 8,500,000
	1976	1977	Rate increased 42¢/\$100 of assessed value to \$2.82/\$100.	+\$ 2,300,000
	1977	1977	Payment due with return-July 31	-
	1980	1980	Rate increased 28¢/\$100 of assessed value to \$3.10/\$100.	+\$ 2,200,000
Property Taxes: Personal Property	1987	1987	Created a retroactive personal property tax credit to all telecommunications providers	-
	1992	1992	Rate increased \$3.10/\$100 of assessed value to \$3.40/\$100 (July 1992).	+\$ 6,400,000
	1999	2000	Provide \$50,000 taxable value threshold (revenue impact is full year for FY 2001).	-\$ 6,000,000
	1999	2000	Accelerated depreciation for computer equipment (revenue impact is full year for FY 2001)	-\$ 9,000,000
	2004	2005	Fifteen percent of the District's personal property tax (not to exceed \$10,000,000) will be deposited in the Neighborhood Trust Fund.	-\$ 9,547,000

HISTORY OF MAJOR CHANGES IN D.C. TAX STRUCTURE – FISCAL YEAR 1970 – FISCAL YEAR 2005

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/
Real Estate	1970	1970	Rate increased 10¢/\$100 of assessed value to \$3.10/\$100.	+\$ 3,600,000
	1972	1972	Rate increased 10¢/\$100 of assessed value to \$3.20/\$100.	+\$ 3,900,000
	1973	1973	Rate increased 12¢/\$100 of assessed value to \$3.32/\$100.	+\$ 4,700,000
	1975	1975	Assessment level increased to 100% of estimated market value; rate dropped to \$1.83/\$100.	-
	1976	1976	First half real estate payment advance to September 15 from September 30.	-
	1977	1978	Single-family homes, condominiums and cooperatives assessed value reduced by \$6,000.	-\$ 11,650,000
	1977	1978	Single-family homes, condominiums and cooperatives must be owner-occupied in order to receive \$6,000 Homestead Exemption.	-\$ 8,500,000
	1978	1979	Increased owner-occupied single-family homes, condos and cooperatives Homestead Exemption to \$9,000.	-\$ 3,000,000
	1979	1979	Three classifications of real property established for determining the applicable property tax rate.	-
	1980	1980	Class 3 rate increased 30¢/\$100 of assessed value to \$2.13/\$100.	+\$ 15,800,000
	1982	1982	A quinquennial (every 5 years) filing permitted for the \$9,000 homeowner's exemption.	-
	1984	1984	Class 3 rate decreased 10¢/\$100 of assessed value to \$2.03/\$100.	-\$ 11,200,000
	1984	1984	Public space rental formula changed from a fractional assessment basis (65%) to a method based upon the property's full assessed value.	+\$ 900,000
	1985	1985	Four classifications of real property established for determining the applicable property tax rate.	-\$ 3,400,000
	1986	1987	Established a July Nuisance Tax Sale in addition to the annual January Real Property Tax Sale.	-
	1986	1987	Retired Senior Citizens, 65 or older, receive 50% reduction on real property taxes (January 1987).	-\$ 6,400,000
	1987	1987	Increased owner-occupied single-family homes, condominiums and cooperatives Homestead Exemption to \$15,000 (January 1987).	-\$ 6,500,000
	1988	1989	Increased owner-occupied single-family homes, condominiums and cooperatives Homestead Exemption to \$22,000 (June 1988).	-\$ 7,600,000
	1990	1990	Increased owner-occupied single-family homes, condominiums and Cooperatives Homestead Exemption to \$30,000 (June 1990).	-\$ 7,100,000
	1990	1990	Class 1 rate decreased from \$1.06 to \$0.96.	-\$ 14,100,000
			Established Class 5 for unimproved vacant land at rate of \$3.29.	+\$ 5,800,000
	1992	1992	Expand eligibility for senior citizen property tax relief and cap eligibility at \$100,000 income (July 1992).	+\$ 2,500,000
	1993	1994	Increase Class 5 rate from \$3.29 to \$5.00.	+\$ 5,100,000
	1995	1995	Calculated rates go into effect for the 1 st half of year.	+\$ 40,100,000
			Class 1 rate = \$0.96	
			Class 2 rate = \$1.62	
			Class 3 rate = \$1.81	
			Class 4 rate = \$2.31	
			Class 5 rate = \$5.35	
	1996	1996	Eliminated January Nuisance Tax Sale.	-
	1997	1997	Replace January Real Property Sale to a July Real Property Tax Sale.	-

HISTORY OF MAJOR CHANGES IN D.C. TAX STRUCTURE – FISCAL YEAR 1970 – FISCAL YEAR 2005

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/
Real Estate-continued	1997	1999	The District began 3-year phase-in of a triennial assessment system. Properties were divided into three triennial groups for assessment purposes. One tri-group is reassessed each year. Tri-group I in FY1999 tri-group II in FY2000, and tri-group III in FY2001.	-
	1999	2000	Reduce Class 2 rate as follows: FY 2000 - from \$1.54 to \$1.34	-\$ 13,100,000
			FY 2001 - from \$1.34 to \$1.15	-\$ 25,600,000
			FY 2002 - from \$1.15 to \$0.96	-\$ 38,100,000
			Reduce Class 4 rate as follows: FY 2000 - from \$2.15 to \$2.05	-\$ 16,800,000
			FY 2001 - from \$2.05 to \$1.95	-\$ 33,500,000
			FY 2002 - from \$1.95 to \$1.85	-\$ 50,300,000
			Reduce Class 5 rate as follows: FY 2000 - from \$5.00 to \$2.05	-\$ 4,100,000
			FY 2001 - from \$2.05 to \$1.95	-\$ 4,300,000
			FY 2002 - from \$1.95 to \$1.85	-\$ 4,400,000
	2000	2000	Purchaser of tax sale property does not receive deed until Court judgment forecloses right of redemption.	-
	2002	2003	Created a new Class 3 for abandoned and vacant property, rate increased from \$1.85 to \$5.00.	+\$ 15,900,000
	2002	2002	Return to annual assessment and instituting a 25% cap on annual tax growth of residential properties. One triennial group shifts into annual assessment each year through FY 2004, beginning with tri-group I, tri-group II in FY 2003, and tri-group III in FY 2004. By FY 2004, all property in the District will once again be reassessed on an annual basis.	+\$ 55,000,000
	2003	2004	Homestead exemption increased from \$30,000 to \$38,000, effective fiscal year 2004.	-\$ 6,653,000
	2003	2004	Cap on Real Property value decreased from 25% to 12%, effective fiscal year 2004.	-\$ 20,932,000
Public Utilities	1973	1973	Rate increased from 4% to 5%.	+\$ 3,000,000
	1976	1976	Rate increased from 5% to 6%.	+\$ 4,800,000
	1977	1977	Payment due with return August 1.	-
	1983	1983	Rate increased from 6% to 6.7%.	+\$ 8,200,000
	1983	1984	Repealed estimated reporting and payment provisions.	-
	1983	1984	Payment dates changed from annually on or before August 1 to monthly by the 20 th day of each month.	-
	1987	1987	Gross receipts tax imposed on all telecommunications service providers.	+\$ 20,000,000
	1989	1989	Gross receipts tax repealed on all telecommunications service providers.	-\$ 20,000,000
	1991	1991	Gross receipts tax rate increased, by temporary legislation, from 6.7% to 9.7% (estimated revenue effect is for three months).	+\$ 12,200,000
	1992	1992	Gross receipts tax rate of 9.7% made permanent 04/92.	+\$ 44,300,000
	1992	1992	Expand public utility gross receipts tax to include cable TV, video, radio and other services (July 1992).	+\$ 4,200,000
	1994	1994	Gross receipts rate increases to 10% (June 1994).	+\$ 3,900,000
	1994	1994	Expand gross receipts tax to heating oil (June 1994).	+\$ 1,800,000
	1997	1997	Tax base expanded to 3 rd party providers of natural gas.	+\$ 800,000
	1998	1999	Tax base narrowed to exclude gross receipts tax collected from consumers.	-\$ 14,000,000
	2002	2003	Rate increased from 10% to 11%.	+\$ 10,400,000
	2004	2005	Rate decrease from 11% to 10% for residential. Non-residential will remain at 11% with 1% going to finance the construction of the baseball stadium.	-\$ 9,000,000

HISTORY OF MAJOR CHANGES IN D.C. TAX STRUCTURE – FISCAL YEAR 1970 – FISCAL YEAR 2005

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/
Toll Telecommunications	1989	1989	Effective March 3, 1989, toll telecommunications gross charges subjected to a tax of 6.7%. This replaced the gross receipts tax on all telecommunication service providers and also provided partial sales and personal property tax exemptions.	+\$ 20,000,000
	1991	1991	Toll telecommunication gross charges tax rate increased by temporary legislation from 6.7% to 9.7%.	+\$ 2,500,000
	1992	1992	Gross charges rate of 9.7% made permanent (04/92).	+\$ 10,000,000
	1994	1994	Gross charges tax rate increases to 10% (June 1994).	+\$ 2,700,000
	1996	1997	Toll telecommunications tax base expanded to include commercial mobile cellular service.	+\$ 4,800,000
	1998	1999	Toll telecommunications tax base for commercial mobile cellular service changed.	-\$ 500,000
	1998	1999	Tax base narrowed to exclude gross receipts tax collected from consumers.	-\$ 5,000,000
	2002	2003	Rate increased from 10% to 11%.	+\$ 4,900,000
	2004	2005	Rate decrease from 11% to 10% for residential. Non-residential will remain at 11% with 1% going to finance the construction of the baseball stadium.	-\$ 9,000,000
Deed Recordation and Transfer Recordation	1976	1976	Rate increased from .5% to 1% of consideration.	+\$ 1,200,000
	1978	1978	An excise tax is imposed on the transferrers of residential real property containing 4 or fewer dwelling units at rates ranging from 3% to 97% of gain.	-
	1978	1978	Excise tax on transferrers of residential real property expired.	-
	1980	1980	Tax base expanded to include construction loan deeds of trust on mortgages permanent loan deeds of trust on mortgages and purchase mortgages.	+\$ 1,000,000
	1989	1989	Rate increased from 1% to 1.1% of consideration.	+\$ 4,000,000
	1989	1990	Established recordation tax on transfers of economic interests at the rate of 2.2%.	+\$ 5,500,000
	1994	1994	Expand recordation tax base to security interest (06/94).	+\$ 1,800,000
	2002	2003	Rate increased from 1.1% to 1.5%. 7/	+\$ 16,722,000
	2002	2003	15% of the District's real estate recordation taxes will be deposited in The Housing Production Trust Fund to provide financial assistance for housing available to low and moderate-income families and individuals.	-\$ 2,529,000
	2004	2005	Rate decreased from 1.5% to 1.1%	-\$ 53,862,000
Transfer	1980	1980	A transfer tax is imposed on each transfer of real property at the rate of 1% of the consideration paid.	+\$ 12,000,000
	1989	1989	Rate increased from 1% to 1.1% of consideration.	+\$ 3,300,000
	2000	2000	Clarifies that the transfer tax will be based on the sales price of real property.	-
	2002	2003	Rate increased from 1.1% to 1.5%. 7/	+\$ 11,072,000
	2002	2003	15% of the District's real estate transfer taxes will be deposited in The Housing Production Trust Fund to provide financial assistance for housing available to low and moderate-income families and individuals.	-\$ 2,471,000
	2004	2005	Rate decreased from 1.5% to 1.1%	-\$ 35,663,000

HISTORY OF MAJOR CHANGES IN D.C. TAX STRUCTURE – FISCAL YEAR 1970 – FISCAL YEAR 2005

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/
Sales and Use Tax	1970	1970	Rate of 5% imposed on all restaurant meals and sales of alcoholic beverages.	
			Rate of 2% applies to:	
			Groceries-with a sales tax credit for residents earnings Below \$6,000.	+\$ 3,400,000
			Laundry and dry cleaning	+\$ 1,300,000
			Non-prescription drugs	+\$ 1,000,000
	1970	1970	Rate of 4% applies to:	
			Admissions to theaters and public events	+\$ 700,000
			Repair of tangible personal property	+\$ 2,200,000
			Duplicating, addressing and mailing services	+\$ 800,000
	1972	1972	Rentals of linens added to base at 2%.	+\$ 125,000
	1973	1973	General rate increased from 4% to 5%.	+\$ 13,000,000
			Transient accommodations sale of alcoholic beverages and restaurant meals increased from 5% to 6%.	+\$ 2,800,000
	1976	1976	Groceries, non-prescription drugs and laundry and dry cleaning exempted.	-\$ 6,800,000
			Rental of linens increased from 2% to 5%.	+\$ 300,000
			Motor vehicle parking subject to tax at 8%.	+\$ 3,300,000
			Motor vehicle parking increased from 8% to 12%.	+\$ 1,600,000
			Transient accommodations, restaurant meals increased from 6% to 8%.	+\$ 9,400,000
	1980	1980	General rate increased from 5% to 6%. Sales of motor fuel subjected to general sales tax rate of 6%. Transit accommodations increased from 8% to 10%.	+\$ 29,000,000
	1980	1980	Candy, confectionery, chewing gum and soft drink sales are taxable at 8%. Rental or leasing of rental vehicles and utility trailers subject to 8% use tax.	+\$ 2,500,000
	1981	1981	Sales tax on motor fuel sales repealed effective, December 1, 1990.	-\$ 13,000,000
	1982	1982	Repeal of the blanket 8% tax on candy, confectionery, chewing gum and soft drinks.	-\$ 2,500,000
	1984	1985	Sales tax rate on items sold in vending machines increased from 2% to 6%.	+\$ 1,000,000
	1987	1987	Exempt certain food items to maintain conformity to federal food stamp laws.	-
			Examine District of Columbia sales exemption status organization exempt under Internal Revenue Code 501C(4).	-
	1989	1989	Established tax on real property services at the rate of 6%.	+\$ 10,000,000
	1989	1989	Established tax on data processing and information services at the rate of 6%.	+\$ 25,000,000
	1989	1989	Established vendor credit of 1% of sales.	-\$ 1,600,000
	1989	1989	Restaurant meals and sales of alcoholic beverages increased from 8% to 9%.	+\$ 11,000,000
	1989	1989	Transient accommodations increased from 10% to 11%.	+\$ 7,000,000
	1990	1990	Clarified tax on services not to apply to services provided to affiliated companies.	-\$ 1,000,000
	1991	1991	Sales tax on residential utility services repealed by temporary legislation (estimated revenue effect is for three months).	-\$ 3,900,000
	1992	1992	Increase sales tax rate on off-sale alcoholic beverages from 6% to 8% (June 1992).	+\$ 2,900,000
	1992	1992	Expand 6% sales tax base to include laundering services (July 1992).	+\$ 3,000,000

HISTORY OF MAJOR CHANGES IN D.C. TAX STRUCTURE – FISCAL YEAR 1970 – FISCAL YEAR 2005

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/	
Sales and Use-continued	1992	1992	Make repeal of sales tax on residential services permanent (April 1992).	-\$	15,700,000
	1993	1993	Expand 6% sales tax base to include the following: Snack foods	+\$	2,700,000
			Selected telecommunications services	+\$	7,600,000
			All publications and newspapers	+\$	2,700,000
	1994	1994	Temporarily increase general sales tax rate to 7% (June 1994).	+\$	10,800,000
	1994	1994	Expand sales tax base to courier services (June 1994).	+\$	2,000,000
	1994	1994	Expand sales tax base to employment services (June 1994).	+\$	2,500,000
	1994	1995	Permanently reduce general sales tax rate to 5.75% (October 1994).	-\$	9,200,000
	1994	1995	Restaurant meals and alcohol for on premise consumption increased from 9% to 10% with the 1% increase to finance the Convention Center (October 1994).	+\$	12,400,000
	1994	1995	Hotel sales tax increased from 11% to 13% with 2.5% to finance the Convention Center (October 1994).	+\$	10,960,000
	1999	1999	Hotel sales tax increased from 13% to 14.5% to increase funding for new Convention Center. However, general fund tax portion of hotel sales tax reduced from 10.2% to 10.05% (October 1999). 8/	-\$	4,000,000
	1999	2000	Sales tax on Internet access eliminated.	-	-
	2001	2001	Repeal the sales tax on snack foods.	-\$	3,300,000
	2001	2001	Eliminates the 1% sales tax credit allowed to vendors for timely filing their returns.	-	-
	2001	2001	Sales tax holiday (10 days: August 3 rd to August 12 th .	-\$	908,000
	2002	2003	Increased retail alcoholic beverage from 8% to 9%.	+\$	1,350,000
	2004	2005	Implemented permanent sales tax holiday.	-	-
	1978	1978	Hotel occupancy tax of \$0.80 per room per day enacted.	+\$	3,000,000
	1982	1983	Rate increased to \$1 per room per day.	+\$	938,000
	1989	1989	Rate increased from \$1.00 to \$1.50 per room per day.	+\$	3,000,000
Hotel Occupancy	1999	1999	Repeal of hotel occupancy tax (October 1, 1998). 8/	-\$	5,400,000
	1985	1985	District of Columbia Rental Housing Act of 1985. 9/	-	-
Special Programs:	1987	1987	Tax Amnesty Program (July1, 1987 – September 30, 1987). 10/	+\$	10,000,000
	1994	1994	One year public safety fee implementation	+\$	10,900,000
	1994	1995	Arena fee, to finance a downtown sports arena.	+\$	9,100,000
	1999	2000	Arena Fee rates changed as follows:	+\$	3,000,000
	CURRENT RATES				
			DC Gross Receipts	Arena fee Rate	
			\$0-\$200K	\$25	\$2M - \$3M
			\$200K - \$500K	\$50	\$3M - \$10M
			\$500K - \$1M	\$100	\$10M - \$15M
			\$1M - \$3M	\$825	Over \$15M
			\$3M - \$10M	\$2,500	
			\$10M - \$15M	\$5,000	
			\$15M & over	\$8,400	
	2001	2001	Arena Fee terminated in fiscal year 2001.	-\$	12,000,000
	2002	2003	The Housing Production Trust Fund - 15% of Deed Recordation and Deed Transfer Taxes will be deposited to provide financial assistance for housing available to low and moderate-income families and individuals.	+\$	5,000,000
			NEW RATES		
			DC Gross Receipts	Arena Fee Rate	
			\$0-\$200K	\$25	\$2M - \$3M
			\$200K - \$500K	\$50	\$3M - \$10M
			\$500K - \$1M	\$100	\$10M - \$15M
			\$1M - \$3M	\$825	Over \$15M
			\$3M - \$10M	\$2,500	
			\$10M - \$15M	\$5,000	
			\$15M & over	\$8,400	

HISTORY OF MAJOR CHANGES IN D.C. TAX STRUCTURE – FISCAL YEAR 1970 – FISCAL YEAR 2005

REVENUE SOURCE	FISCAL YEAR OF ENACTMENT	FISCAL YEAR EFFECTIVE	CHANGE	FULL YEAR REVENUE EFFECT AT TIME OF CHANGE 1/
Special Programs-continued	2004	2005	Healthcare Provider Fee	+\$ 5,500,000
	2004	2005	The Neighborhood Trust Fund.- 15% of the District's personal property tax (not to exceed \$10,000,000 will be deposited).	+\$ 9,547,000
	2005	2005	Ballpark Fee - 1% of Toll Telecommunication and Public Utility Taxes for non-residential will be used to finance the construction of the D.C. baseball stadium.	+\$ 14,000,000
			DC Gross Receipts	Ballpark Fee Rate
			\$ 5 - \$ 8M	\$ 5,500
			\$ 8 - \$12M	\$10,800
			\$12 - \$16M	\$14,000
			\$16M and over	\$16,500

1/ The revenue effect of each law change is mutually exclusive.

2/ The revenue effect of adding financial institutions to the corporation franchise tax base resulted in a revenue loss of \$7.2 million annually by FY 1985. The increase shown results from the mechanisms of phasing in the change.

3/ Increase tax change effective on a calendar year basis.

4/ Top bracket may be reduced as low as 8.0%, depending upon revenue and economic performance.

5/ Revenue impact represents increase in general fund (local) revenues.

6/ Estimate provided by Department of Public Works.

7/ For owner-occupied, property sold under \$250,000, the rate will remain at 1.1%.

8/ Revenue effect reflects loss to general fund (local) revenues.

9/ Department of Finance and Revenue required to provide Tax Standing Evaluation Reports.

10/ Amnesty from penalties and interest for all taxes except real property tax and unemployment compensation. Effective October 1, 1987, penalties and interest for all taxes except real property and unemployment compensation increases.

PART V -- FILING AND PAYMENT DATES FY 2005

FILING AND PAYMENT DATES FY 2005

Alcoholic Beverage Tax

The tax is due by the 15th day of each month on the preceding month's sales.

Cigarette Tax

Payment is made by the purchase of stamps.

Estate Tax

Returns and tax are due 10 months after death of decedent. A District of Columbia Estate Tax Return must be filed if a Federal Estate Tax Return is required to be filed. Generally, the amount of the tax is the credit for state death tax allowed on the federal return.

A penalty of 5% per month, but not more than 25% in the aggregate, of the tax due is imposed for the failure to timely file the return or pay the tax. Interest is assessed on any tax not paid by the due date at the rate of 1.5% per month.

Income Taxes:

Corporate and Unincorporated Business Franchise Taxes

Corporate returns are due and payment of the tax must be made on or before the 15th day of the third month following the close of the taxable year. Unincorporated business franchise tax returns are due and payment of tax must be made on or before the 15th day of the fourth month following the close of the taxable year. A penalty of 5%, but not more than 25% in the aggregate, is imposed for failure to timely file returns. Interest is imposed for any tax not paid when due at the rate of 1.5% per month until the tax is paid.

A corporation must file a declaration of estimated franchise tax if it expects its DC franchise tax liability to exceed \$1,000 for the taxable year. There are two types' declaration vouchers, depending if the corporation is calendar year or fiscal year taxpayer.

Calendar year taxpayers, file their declaration vouchers on or before the following dates. Voucher 1 – April 15; Voucher 2 – June 15; Voucher 3 – September 15; and Voucher 4 – December 15. Fiscal year taxpayers, file their declaration vouchers on or before the following dates. Voucher 1 – the fifteenth day of the fourth month of their taxable year; Voucher 2 – the fifteenth day of the sixth month of their taxable year; Voucher 3 – the fifteenth day of the ninth month of their taxable year; and Voucher 4 – the fifteenth day of the twelfth month of their taxable year.

If any due date falls on a Saturday, Sunday, or a legal holiday, the voucher is due on the next business day.

FILING AND PAYMENT DATES -- Continued

Individual Income Tax

Calendar year returns are due on or before April 15 of the succeeding year while fiscal year returns are due on or before the 15th day of the fourth month following the close of the fiscal year.

The penalty for failure to file a return on time is 5% of the tax due, but not more than 25% in the aggregate. Interest is charged at the rate of 1.5% per month from the due date of the return to the date the tax is paid.

A taxpayer must file an estimated voucher if the taxpayer is required to file a DC income tax return, and after subtracting their tax withheld and any credits, the taxpayer expect to owe \$100 or more in taxes. Due dates for these vouchers are Voucher 1 – April 15; Voucher 2 – June 15; Voucher 3 – September 15; and Voucher 4 – January 15.

The penalty for failure to file in a timely manner a declaration of estimated tax is 5% per month of the estimated tax, but not more than 25% in the aggregate. Interest is imposed for failure to pay any installment when due at the rate of 1.5% per month.

Employers must withhold District individual income taxes from employees who are subject to the tax. If such withholding is less than \$50 per month, the employer must remit the tax by the last day of the month following the close of the tax year; if withholding is \$50 or more per month, it must be remitted on the 20th day of the following month.

The penalty for failure to file the withholding tax return or to pay the tax when due is 5% of the tax withheld during the reporting period, but not more than 25% in the aggregate. Interest is charged for late payment at the rate of 1.5% per month from the due date of the return to the date the tax is paid.

Insurance Tax

If tax liability is less than \$1,000, the tax must be paid before March 1 of the succeeding calendar year. If tax liability is \$1,000 or more, at least 50% of tax must be paid by June 1 of the calendar year in which the taxable income is received. The remainder is due on or before March 1 following the close of the calendar year. A penalty of 8% per month of the tax due is charged for failure to timely pay the insurance tax.

Motor Vehicle Fuel Tax

Reports and tax are due on the 25th day of each month on the preceding month's sales or dispositions.

FILING AND PAYMENT DATES -- Continued

Motor Vehicle Registration Fee

Under the staggered motor vehicle registration system, motorists will pay their registration fees upon assumption of ownership of the vehicle or on an assigned day of the year.

Personal Property Tax

The return, accompanied by the tax payment, is due on or before July 31 of each year on the tangible personal property remaining cost (current value) as of July 1. A penalty of 5% per month, but not more than 25% in the aggregate, is imposed for failure to timely file returns. Interest at the rate of 1.5% per month is charged until the tax is paid.

Real Property Tax

The assessment year begins on January 1 and ends on December 31. Property owners receive notices of proposed assessments on or before the following February 1 and have until April 1 to appeal such assessments before the Assessment Division. If the assessor and the property owner, or party of interest, do not resolve a disputed value, the property owner may proceed to the Board of Real Property Assessments and Appeals (BRPAA). BRPAA will not accept an appeal unless there has first been an appeal to the Assessment Division.

The tax may be paid in full or in two equal installments. One-half the tax is payable on or before March 31 and the other half tax is due on or before September 15. A 10% penalty is imposed for late payment of real estate tax bills. Interest at the rate of 1% per month is charged from the date the tax is due until the date the tax is paid.

Public Utility Tax

Returns are due on the 20th day of each month on the preceding month's gross receipt. A penalty of 5% per month, but not more than 25% in the aggregate, is charged for failure to file return or pay taxes on time. Interest is charged at the rate of 1.5% per month until the tax is paid.

Recordation Tax

The deed recordation tax is due when the deed is recorded. Each deed must be accompanied by a return before it can be recorded. The penalty for failure to make and file a correct return is 5% per month, but not more than 25% in the aggregate. Interest at the rate of ½ of one percent per month is charged on any recordation tax not paid when due.

FILING AND PAYMENT DATES – Continued

Real Property Transfer Tax

The transfer tax is due when the deed is recorded and each deed must be accompanied by a transfer tax return. A penalty of 4% of the tax due is imposed for failure to file the transfer tax return. Interest is charged at the rate of 1.25% per month.

Economic Interest Transfer

The economic interest transfer tax is triggered by two elements. These elements are 1) 80% of the assets of a corporation consist of real property located in the District of Columbia, or 2) more than 50% of the controlling interest of the corporation is being transferred. If these two elements are met then the tax rate is 2.2% of the consideration. The consideration is not always equal to the assessed value of the property. The consideration is what is paid for the interest being transferred. If there is no tangible consideration, then the tax basis will be the assessed value of the property owned by the corporation. The tax is due at the time of recordation.

Sales and Use Taxes

Monthly returns and tax are due on the 20th day of each month following the reporting period. If the due date falls on Saturday, Sunday or a legal holiday, the return is due on the next business day. To avoid a delinquency notice, a return must be filed even if no sales were made or no sales or use tax is due.

An annual return is due on or before January 20th. To avoid delinquency notices, a return must be filed even if no sales were made or no sales or use tax is due.

A penalty of 5% per month, but not more than 25% in the aggregate, is charged for failure to file sales and use tax returns or to pay sales and use taxes on time. Interest is charged at the rate of 1.5% per month until the tax is paid.

There is a 20% penalty on any understatement of taxes due if the understatement exceeds either 10% of the tax determined to be due or \$2,000, whichever is the greater. (Understatement of taxes is the difference between the amount shown on the original or amended return and any greater amount of tax determined to be due as a result of an audit or review.)

Toll Telecommunications Tax

Returns and tax are due on the 20th day of each month on the preceding month's charges. An annual return must be filed on or before 30 days after the end of the tax year.

A penalty of 5% per month, but not more than 25% in the aggregate, is charged for failure to file tax returns or to pay toll telecommunications taxes on time. Interest is charged at the rate of 1.5% per month until the tax is paid.

TABLE 7
DISTRICT OF COLUMBIA
RETURNS FILED BY TAX TYPE
2004

TAX		RETURN VOLUME		
		PAPER RETURNS	E-FILE RETURNS	TOTAL
Individual Income Tax	1/	219,182	92,237	311,149
Franchise Taxes	1/	42,567		42,567
Employer Withholding	1/2/	149,044	220,056	369,100
Personal Property	1/	14,029		14,029
Estate		7,118		7,118
Sales and Use	1/2/	140,091	8,487	148,578
Income Declarations	3/	56,770		56,770
Franchise Declarations	3/	19,385		19,385
Real Property	4/	219,472		219,472
Arena Fee	1/	149		149
TOTAL VOLUME		867,807	320,780	1,188,587

1/ Returns filed annually.

2/ Returns filed monthly.

3/ Returns filed quarterly.

4/ Tax is due in two equal installments on or before March 31 and on or before September 15 of each year.

Source: Office of Tax and Revenue, Returns Processing Administration.

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